



**O'BRIEN &
ASSOCIATES**
INTERNATIONAL

**INDEPENDENT FINAL EVALUATION OF
THE BETTER WORK NICARAGUA PROJECT**

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This report describes in detail the final evaluation of the Better Work Nicaragua that was conducted between June 22 and July 31, 2015. Dan O'Brien, independent evaluator, conducted the evaluation in collaboration with the project team and stakeholders and prepared the evaluation report according to the terms in the contract with the United States Department of Labor. Mr. O'Brien would like to express sincere thanks to all parties involved in this evaluation for their support and valuable contributions.



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I N T E R N A T I O N A L

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LIST OF ACRONYMS

ACTEMP	ILO Bureau for Employers' Activities
ANITEC	Asociación Nicaragüense de la Industria Textil y Confección, Nicaragua Textile and Fabric Association
BW	Better Work
BWG	Better Work Global
BWN	Better Work Nicaragua
CAT	Compliance Assessment Tool
CNZF	Comisión Nacional de la Zona Franca, National Commission of the Free Trade Zone
CST	Central Sandinista de Trabajadores, Sandinista Workers Central
CST-JBE	Confederación Sindical de Trabajadores José Benito Escobar, José Benito Escobar-Union Confederation of Workers
CTA	Chief Technical Advisor
CUS	Confederación de Unificación Sindical, Confederation of Union Unity
CUT	Confederación Unitaria de Trabajadores, United Confederation of Workers
EA	Enterprise Advisor
F&BS	Fire and Building Safety
IFC	International Finance Corporation
ILO	International Labor Organization
ILS	International Labor Standards
IO	Intermediate Objective
MITRAB	Ministerio de Trabajo, Ministry of Labor
M&E	Monitoring and Evaluation
OSH	Occupational Safety and Health
PAC	Project Advisory Committee
PICC	Performance Implementation Compliance Committee
PMP	Performance Monitoring Plan
RBM	Results Based Management
STAR	Supply Chain Tracking Remediation Tool
TOR	Terms of Reference
UCA	Universidad Centroamericana, Central American University
US	United States
USG	United States Government
USDOL	United States Department of Labor

EXECUTIVE SUMMARY

In December 2010, the United States Department of Labor (USDOL) and the International Labor Organization (ILO) signed a five-year Cooperative Agreement in which USDOL provided \$2 million to ILO to support implementation of the ILO's Better Work Program in Nicaragua. The effective date of the agreement is September 30, 2010 to September 30, 2015. In September 2011, USDOL allocated an additional \$2.5 million to the Better Work Nicaragua (BWN) project. The Cooperative Agreement was amended on September 7, 2011 that increased its value to \$4.5 million. The effective dates of the Cooperative Agreement, however, remained the same. At the time of this evaluation, USDOL was in the process of approving an additional \$550,000 to extend the project's end date to September 30, 2016.

BWN's over-arching objective is to reduce poverty in Nicaragua by increasing "decent work" employment in the apparel sector. The BW strategy focuses on improving competitiveness of the industry by improving compliance with Nicaragua labor law and the principles of the ILO Declaration on Fundamental Principles and Rights at Work. The BW logic model hypothesizes that compliance with international and national labor norms and laws will increase competitiveness and lead to an increase in sales and jobs.

The BWN project consists of three intermediate objectives: (1) increased compliance with ILS and national labor law; (2) sustainable access to BW tools and approaches after 2014; and (3) the integration of lessons learned and regulatory gaps into government policies and apparel sector strategies. The heart of the BW strategy is independent enterprise assessments and enterprise advisory and training services. The assessments are intended to identify areas where enterprises are not complying with ILS or national labor laws while the advisory services and training are designed to help the enterprises become compliant.

The overall purpose of the BWN final evaluation is to provide USDOL and ILO with an independent assessment the project's performance and experience. The evaluation results are intended to allow the key stakeholders to determine whether the project is on track to achieve its stated objectives and outputs, identify strengths and weaknesses in the project approach and implementation, and provide recommendations to improve its effectiveness and efficiency. The evaluation will also assess and explore options to sustain BWN once USDOL funding ends in September 2016.

The evaluation was conducted between June 22 and July 31, 2015. The evaluator reviewed project documents, developed data collection instruments, and prepared for the fieldwork during the week of June 22. Fieldwork was conducted in Nicaragua from June 29 to July 10. The fieldwork culminated with a presentation and discussion of the preliminary findings with key project stakeholders on July 10. The bulk of the data analysis and report writing occurred from July 13-31. The evaluator interviewed 58 persons including USDOL and BWN staff, trade union representatives, government officials, business associations, factory representatives, and brand representatives.

Findings

Project Design and Monitoring and Evaluation

The project is reporting to BWG on 35 standard indicators. Nine of the BWG indicators would be appropriate and useful indicators to report on to USDOL during the period October 2015 through September 2016. Four of these indicators are highly relevant to assess sustainability.

Relevance and Strategic Fit

The midterm evaluation identified a range of complaints levied against BWN by the central level stakeholders. After a visit by USDOL and BWG representatives in May 2014, the perception of the central level stakeholders changed dramatically. Currently, the majority of stakeholders understand what BWN is able to achieve and change and what is unable to change. They accept that BWN cannot directly affect employment and contracts awarded by brands and that the BW assessment methodology is standardized and cannot be adjusted country by country. Furthermore, the government and the trade union confederations have agreed to help BWN convince the garment factories to participate in the BW program.

The only central level stakeholder and PAC member that does not support BWN is ANITEC. ANITEC has made it clear that it believes BWN is not meeting the needs of the factories and believes BWN should not continue once USDOL funding ends. ANITEC has approximately 23 members of which nine are participating in BWN. Representatives of the factories participating in BWN that were interviewed believe that BWN is providing a valuable service and that it should continue once USDOL funding ends.

Brands are, in general, satisfied with the quality and accuracy of the BWN assessment reports. They also appreciate the BW methodology; especially the advisory services and training that accompany the assessments. Several brands, however, believe BWN should provide on-going monitoring of high-risk non-compliance issues such freedom of association violations and sexual harassment.

Progress and Effectiveness

BWN is reaching 25 factories and 38,565 workers, which represent 56% of all registered factories in the garment sector and 66% of the workers in the sector. In addition, 11 brands are purchasing reports. BWN is on track to achieve its PMP indicator targets. BWN's engagement with its stakeholders, especially the PAC members, has significantly improved since the midterm evaluation. Overall, communication and transparency have improved. The project's engagement with factories and brands continues to be effective.

BWN Core Services

Factories that were interviewed believe that the PICCs are a valuable mechanism to address non-compliance issues and improve social dialogue between management and workers. The major challenges to worker participation, however, are mechanisms that allow workers to provide input to the PICCs and for the PICCs to communicate with workers. Trade union and non-trade union

PICC members do not have access to effective mechanisms to solicit input from workers nor communicate advances on non-compliance issues and other useful information to workers.

Efficiency

Small BW countries including Nicaragua, Haiti, and Lesotho appear to be less efficient than the larger BW countries. This is due largely to the fact that the countries with large numbers of factories and buyers create economies of scale and increased opportunities to generate revenue.

Project Management

USDOL is considering providing an additional allocation of \$550,000 to allow the BWN operate until September 2016. BWN has developed a modified management structure to accommodate the reduction in funding. The modified management structure will operate on \$630,000 that includes the \$550,000 USDOL grant and about \$80,000 of revenue from factories and brands. The structure and its cost are not sustainable in the long run because it would require a donor to provide \$500,000 per year for as long as the project would need to operate.

Impact Orientation

There is no evidence that BWN has increased worker productivity, product quality, factory access to international markets, contracts from brands, worker livelihoods, or employment. There is evidence, however, that factories have realized a substantial cost savings as a result of paying for fewer audits. This is also evidence that factories that have participated in three compliance assessments improved their average non-compliance scores from 31 in 2012, to 14 in 2013, and to 12 in 2014. This represents a 55% improvement. Factories that have participated in two compliance assessments improved their average non-compliance score from 24 to 18. This represents a 25% improvement. However, it is possible that some of the compliance has resulted from the modification of the compliance assessment tool.

Sustainability

The newly revised and reduced budget of \$550,000 is largely unsustainable given the most feasible revenue sources. BWN has generated approximately \$70,000 per year from factory subscriptions and fees from selling compliance assessment reports to brands. If BWN increased factory subscriptions by 25% (on average) and report fees by 40% (on average), it could generate about \$132,950 per year. This is still \$417,050 short of the newly revised and reduced budget of \$550,000.

BWN has several sustainability options available. The most feasible is the transfer of BW tools and skills to key stakeholders. This way, if the project is unable to find a successful sustainability strategy to continue and is forced to end its operations in Nicaragua, its stakeholders will benefit from important BW tools and skill sets to help them address compliance.

Recommendations

1. Transfer of BW Tools and Skills to Stakeholders

BWN has started to transfer BW tools and skills to some stakeholders. BWN should immediately formalize the process by taking three specific steps. First, it should organize a meeting with PAC members to discuss a strategy and plan to transfer tools and skills to stakeholders. Second, the project should meet with factories to determine what tools and skill sets that would like to have transferred before the project ends. Third, based on the outcome of the meetings with PAC members and factories, the project should develop a plan to transfer tools and skills to the designated stakeholders.

2. Alternative BWN Structure

BWN should develop and cost an alternative management structure that is highly efficient. This management structure should be used to approach the government and brands for assistance with sustaining BWN. Historically, BWN has operated on approximately \$1 million per year. BWN has recently developed a modified structure to accommodate a reduced budget of \$550,000 for the last year of the project. However, the reduced budget of \$550,000 is about 80% more than the project can generate from factory subscriptions and sales of reports to brands.

3. Assessment of Sustainability Options

BWN and USDOL should assess the sustainability options presented in this report to determine whether any show particular promise. The transfer of tools and skills to stakeholders should be formalized, planned, and implemented immediately. The other sustainability options include a partnership with the Government of Nicaragua, brand sponsorship, and establishing a local entity. While each of these options present challenges, it would be useful for BWN and USDOL to discuss and assess their feasibility and potential.

4. Revision of Indicators

BWN should revise the current set of indicators in the PMP. Many of the indicators are not helpful to assess project progress during the last year of implementation and should be omitted. BWN should incorporate nine of the 35 BWG standard indicators. Four of these indicators are highly relevant to sustainability. In addition, the project should add indicators to capture the transfer of BWN tools and skills to stakeholders. The project should also develop indicators to measure the transition plans for factories and brands. These indicators might be the number and percent of factories with complete transition plans and the number and percent of brands that commit resources to assist their suppliers implement the transition plans.

5. Transition Planning for Factories and Brands

BWN should work with each factory to develop a transition plan that assumes that the project will end in September 2016. The transition plans should document the progress that the factories have made in addressing non-compliance points. The plans should also identify the compliance issues that remain along with specific actions that factories intend to take to resolve the compliance issues once the project ends. The plans should include any technical assistance and

resource that factories might need to successfully address these issues. Finally, the plan should include important lessons that factories and BWN have learned since the factory enrolled in the program. Once the transition plans are completed, BWN should send them to the corresponding brands and schedule conference calls to discuss the plans.

6. Sustainability of Small BW Countries

USDOL should understand that countries with a limited number of factories, like Nicaragua, are difficult to sustain without a substantial injection of funding from donors to compliment revenue generated by factory subscriptions and the sales of compliance reports. If USDOL intends to provide grants to ILO to fund BW programs in small countries, a clear and viable sustainability strategy should be built into the design of the BW country program. USDOL and ILO should be able to determine where funds will come from to fill the gap between factory and brand revenue and the required budget to operate the program. If replacement funds cannot be identified and USDOL decides to fund the BW country program anyway, the project design should include a strategy to transfer tools and build capacities of stakeholders beginning in the first year of the project. The project design should also include a strategy to link stakeholders to local technical assistance and training services that would be available once the BW country program ends.

I PROJECT DESCRIPTION AND BACKGROUND

In December 2010, the United States Department of Labor (USDOL) and the International Labor Organization (ILO) signed a five-year Cooperative Agreement in which USDOL provided \$2 million to ILO to support implementation of the ILO's Better Work Program in Nicaragua. The effective date of the agreement is September 30, 2010 to September 30, 2015. In September 2011, USDOL allocated an additional \$2.5 million to the Better Work Nicaragua (BWN) project. The Cooperative Agreement was amended on September 7, 2011 that increased its value to \$4.5 million. The effective dates of the Cooperative Agreement, however, remained the same. At the time of this evaluation, USDOL was in the process of approving an additional \$550,000 to extend the project's end date to September 30, 2016.

Better Work (BW) is a global collaborative arrangement between ILO and the International Finance Corporation (IFC) that is intended to assist garment sector enterprises to comply with international labor standards (ILS) and national labor law. BW believes that enterprises that comply with ILS and national labor laws are more effectively positioned to compete in international markets where compliance is important to buyers. Currently, the ILO is implementing BW in Bangladesh, Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua, and Vietnam.

BWN's over-arching objective is to reduce poverty in Nicaragua by increasing "decent work" employment in the apparel sector. The BW strategy focuses on improving competitiveness of the industry by improving compliance with Nicaragua labor law and the principles of the ILO Declaration on Fundamental Principles and Rights at Work. The BW logic model hypothesizes that compliance with international and national labor norms and laws will increase competitiveness and lead to an increase in sales and jobs.

The BWN project consists of three intermediate objectives: (1) increased compliance with ILS and national labor law; (2) sustainable access to BW tools and approaches after 2014; and (3) the integration of lessons learned and regulatory gaps into government policies and apparel sector strategies. The heart of the BW strategy is independent enterprise assessments and enterprise advisory and training services. The assessments are intended to identify areas where enterprises are not complying with ILS or national labor laws while the advisory services and training are designed to help the enterprises become compliant. In turn, the enterprises typically use the BW Supply Chain Tracking and Remediation Tool (STAR) to demonstrate compliance performance and corrective actions to their international buyers.

BWN works closely with national program stakeholders through different committees. At the national level, the Project Advisory Committee (PAC) provides guidance and advice on program implementation and key issues relating to labor compliance, industrial relations, and industry competitiveness. The PAC members include representatives from the labor and trade ministries, textile exporters and employers' associations, and trade unions. At the factory level, the Performance Improvement Consultative Committees (PICCs) are responsible for developing, implementing, and monitoring plans to address areas of non-compliance identified during the enterprise assessments. The PICCs, which consist of an equal number of management and

worker representatives, also aim to improve social dialogue in the workplace and promote workplace cooperation.

It is important to take into consideration the status of the trade preference levels for fabric and yarn imports (TPL) when assessing the BWN program. Nicaragua was the only country under Dominican Republic and Central America Free Trade Agreement (CAFTA DR) that received the benefit from TPL. The TPL allows apparel made of certain cotton and fiber to enter the U.S. duty free if it was assembled in Nicaragua, regardless of the origin of the yarns and fabrics. The TPL expired in December 2014 and it looks doubtful whether the US Congress will approve another round of the TPL for Nicaragua. At the time of the BWN midterm evaluation, ANITEC estimated that production costs for garments would increase by 40%, which would cause many Nicaraguan factories to relocate to Haiti or Asia. This has not been the case. ANITEC estimates that factory production initially decreased by approximately 10% at the beginning of the year but has nearly recovered by the time of this final evaluation.

II EVALUATION PURPOSE AND METHODOLOGY

2.1. Evaluation Purpose

The overall purpose of the BWN final evaluation is to provide USDOL and ILO with an independent assessment the project's performance and experience. The evaluation results are intended to allow the key stakeholders to determine whether the project is on track to achieve its stated objectives and outputs, identify strengths and weaknesses in the project approach and implementation, and provide recommendations to improve its effectiveness and efficiency. The evaluation will also assess and explore options to sustain BWN once USDOL funding ends in September 2016.

USDOL and ILO developed a set of questions to guide the evaluation. The questions address key issues in (1) project design monitoring and evaluation systems especially in the sustainability phase; (2) relevance of the project to the situation in Nicaragua; (2) progress and effectiveness in achieving the project's objectives and outputs; (3) effectiveness of the BW core services; (4) efficiency and use of resources; and (5) effectiveness of project management; (6) impact orientation; and (7) sustainability of the project's interventions. The evaluation questions appear in the Terms of Reference (TOR) in Annex A.

2.2. Methodology

The evaluation used primarily qualitative data collection methods. Quantitative data were also obtained from project documents and reports, to the extent that they were available, and incorporated into the analysis. Data collection methods and stakeholder perspectives were triangulated, where possible, to increase the credibility and validity of the results. The interview process incorporated flexibility to allow for additional questions, ensuring that key information was obtained. A consistent protocol was followed during each interview.

Evaluation Schedule. The evaluation was conducted between June 22 and July 31, 2015. The evaluator reviewed project documents, developed data collection instruments, and prepared for the fieldwork during the week of June 22. Fieldwork was conducted in Nicaragua from June 29 to July 10. The fieldwork culminated with a presentation and discussion of the preliminary findings with key project stakeholders on July 10. The bulk of the data analysis and report writing occurred from July 13-31. The complete schedule of evaluation activities appears in the TOR Annex A.

Data Collection and Analysis. As noted previously, USDOL developed a list of evaluation questions that served as the basis for the evaluation. The questions were used to develop guides and protocols for the key informant interviews and document reviews. The master key informant interview guide is listed in Annex B. The following methods were employed to gather primary and secondary data.

Document Reviews. The evaluator read a variety of project documents and other reference publications. These documents included the project document, technical progress reports, work

plans, BWN 1st and 2nd synthesis reports. Annex C shows the complete list of documents that were reviewed.

Key Informant Interviews. The evaluator conducted 58 individual and group interviews with USDOL, BWN staff, the labor ministry, free trade zone commission, trade unions, employer association, factories, and buyers. A complete list of interviews appears in Annex D.

The document reviews and key informant interviews generated a substantial volume of raw qualitative data. The evaluator used qualitative data analysis methods, including matrix analysis, to categorize, triangulate, synthesize, and summarize the raw data captured from the interview notes. The results of the data analysis provided tangible blocks of information, which the evaluator used to write the evaluation report. The data analysis was driven by the evaluation questions in the TOR.

Sampling Methodology. The evaluator used a purposeful, non-random sampling methodology to select the interviewees. Table 1 summarizes the populations interviewed, the interviewing methodology, the sample size, and characteristics of the sample.

Table 1: Population, Methodology, Sample size, and Sample Characteristics

Population	Method	Sample Size	Sample Characteristics
USDOL	Individual interview	1	Project manager
BWN staff	Individual interviews	7	BWN management and technical teams
Government officials	Individual Interviews	3	MITRAB, CNFZ
Trade union officials	Group interviews	7	CUS, CUT, CST, CST-JBE
Employer association	Individual interviews	1	ANITEC
Factories	Individual interviews	28	Purposeful sample of 12 participating factories, 6 of which were interviewed during the midterm evaluation.
Brands	Individual interviews	10	Walmart, Target, Adidas, GAP, and PVH
Other stakeholders	Individual Interviews	1	ProNicaragua
Total Interviews		58	

The evaluator interviewed 58 persons including seven BWN staff, seven trade union representatives, three government officials, 28 factory representatives, and 10 brand representatives. These interviews account for 90% of the total interviews. The remaining interviews were conducted with representatives from USDOL, ANITEC, and ProNicaragua.

Limitations. The scope of the evaluation specifies two weeks of fieldwork, which was not enough time to visit the 25 factories that are participating in the project. The evaluator selected a purposive sample of twelve factories based on criteria that included those who have embraced the project and those who have not. While the evaluator believes the sample of factories accurately represents the 25 factories participating in BWN, the views and experiences of the 13 factories not included in the sample are not represented in the evaluation.

It should also be noted that the trade union confederation representatives who were interviewed are all male. Therefore, the evaluator was not able to interview any female trade union officers despite the fact that nearly 50% of trade union affiliates are female and 53% of the garment sector workers are female.¹

This was not a formal impact assessment. The findings for the evaluation were based on information collected from background documents and the key informant in interviews. The accuracy of the evaluation findings are predicated on the integrity of information provided to the evaluator from these sources and the ability of the evaluator to triangulate this information.

¹ Better Work Global Report: Focus on Women; www.betterwork.org/global/?page_id=3550

III FINDINGS

The following findings are based on the review of key project documents and interviews conducted during the fieldwork phase. The findings address the key questions listed in the TOR and are presented according to the major evaluation categories: project design and monitoring and evaluation (M&E), relevance and strategic fit, progress and effectiveness, BWN core services, efficiency, project management, and impact orientation and sustainability.

3.1. Project Design and Monitoring and Evaluation Systems

One of the evaluation questions asks how can the indicators and monitoring tools be adjusted to better monitor efforts under the upcoming sustainability phase of the project. To address this question, this section begins with a brief overview of the BWN M&E systems followed by a description of the project’s indicators and performance monitoring plan (PMP). Next, the PMP is analyzed to determine how the indicators and tools might be adjusted to more effectively monitor and report on project’s sustainability.

Overview of the Performance Monitoring Plan

The project collects and reports data into two distinct M&E systems. These include the BW Global M&E system and the BWN project performance-monitoring plan (PMP). The BW Global M&E system consists of 35 standardized indicators collected from each BW country program. The BWN PMP is built on the project’s logical framework and consists of 14 indicators of which only four overlap with the BW Global indicators.

The BWN midterm evaluation discovered several weaknesses in the project design and PMP. These included:

- The intermediate objectives and outputs that do not meet the criteria of ILO’s results based management (RBM) approach. The development objective is written as a double goal. The causal link between increased compliance, employment and poverty reduction is weak.
- Many of the project’s indicators do not meet RBM criteria. Several of the indicators are written as outputs instead of indicators while others are written as activity targets.
- There is very little overlap between (four indicators) the 35 indicators that BWN reports on to BW Global and the 14 indicators in the project’s PMP.

The project has not made any adjustments in the intermediate objectives and indicators since the midterm evaluation. The current PMP consists of the same three intermediate objectives and 14 indicators, which are presented in Table 2.

Table 2: Overview of Project Intermediate Objectives and Indicators

IO 1. Increased compliance with national labor law and with international labor standards in the Nicaraguan apparel sector
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Indicators

<ul style="list-style-type: none"> 1) Baseline compliance synthesis report is available 2) Number of compliance assessment reports completed 3) Average factory compliance effort
<p>IO 2. Sustainable access to BW tools and approaches after 2016</p> <p>Indicators</p>
<ul style="list-style-type: none"> 1) MOU with Ministry of Labor 2) Number of joint activities implemented with the MoL 3) Frequency of Project Advisory Committee meetings 4) Number of capacity building activities with tripartite constituents by BW or its partners to strengthen their engagement with the program 5) Number of buyers' forum organized 6) Number of buyers that are purchasing reports 7) Number of factory reports purchased by buyers 8) Sustainability plan is available
<p>IO 3. Lessons learned and regulatory gaps identified through assessments are integrated into government policies, international policy debates, and geographical and as well as sector wide strategies</p> <p>Indicators</p>
<ul style="list-style-type: none"> 1) Baseline survey on impact assessment is available 2) Evidence that findings from impact assessments are integrated in program strategy 3) A sub-regional meeting to present results of program is held

Indicator Analysis

In addition to the weaknesses in the current set of indicators that were identified during the midterm evaluation, many of these indicators are not relevant in the new sustainability phase of the project. Since BWN is required to report on the 35 BW Global indicators and since most of these indicators are relevant to BWN, the project should consider reporting to both USDOL and BW Global on these indicators. The indicators that are most relevant to BWN and of interest to USDOL during the sustainability phase of the project are listed below:

- 1. Number of total factories in the program
- 2. Percentage of workers in Better Work factories over total number of workers in the sector
- 3. Average factory non-compliance rate
- 4. Average compliance effort
- 5. Number of factories with a functioning PICC
- 6. Number of PAC meetings in the reporting period
- 7. Number of buyer participants in the program (buying reports)
- 8. Total program revenue in the reporting period
- 9. Percentage of cost recovery

The indicators most relevant to the sustainability phase are #1, #8, #7, and #9. These indicators reflect the number of factories and buyers engaged in the project, revenue that they generate, and the status of cost recovery. The cost recovery indicator is expressed as the amount of revenue generated by factory subscriptions and the sale of compliance assessment reports divided by the

cost of the project. This indicator should be adjusted to reflect the anticipated cost of the BWN structure once USDOL funding ends in September 2016.

3.2. Relevance and Strategic Fit

The TOR asks whether the project's intermediate objectives are consistent with the needs of key stakeholders including apparel sector workers, producers, the Government of Nicaragua, social partners, and international buyers and whether their needs have changed since the inception of the project. This section provides a brief overview of the key stakeholders and their roles and responsibilities followed by a discussion of their needs and expectations.

Overview of Key Stakeholders

The project's primary key stakeholders have remained the same since the inception of the project. These include the government, trade unions, the apparel and textile factories, and buyers. An overview of the key stakeholders and their roles and responsibilities is presented below.

- *MITRAB* (Ministry of Labor) is represented on the PAC by the vice minister overseeing the free trade zone matters. BWN has signed an agreement with the labor ministry that commits the project to train labor inspectors working in the free trade zone. In addition, the labor ministry is responsible for chairing the PAC.
- *CNZF* (National Free Trade Zone Commission) is a government agency responsible for fomenting investment in the free trade zone areas of the country. CNZF is also a PAC member responsible for providing advice to the project regarding the apparel and textile sectors. In addition, CNZF is supposed to play an important role in convincing factories to join the BWN program.
- *ANITEC* has a membership of approximately 23 factories of which 9 are participating in BWN. ANITEC sits on the PAC and is responsible for providing information about the sector, especially the factories that are its members. It is also supposed to promote BW to its membership and recruit additional BWN participants.
- *Trade union confederations* participating on the PAC include the following:
 - Central Sandinista de Trabajadores (CST)
 - Confederación Sindical de Trabajadores José Benito Escobar (CST-JBE)
 - Confederación de Unificación Sindical (CUS)
 - Confederación Unitaria de Trabajadores (CUT)

The confederations are responsible for providing information and advice about workers and labor rights issues as they relate to the apparel and textile sectors. They are also supposed to serve as a communication conduit for their members that are participating in the BWN program.

- Twenty-five *factories* are participating in the BWN program. The factories are responsible for providing access to workers, supervisors, managers, files, and documents so the BW enterprise advisors (EA) can conduct the assessments. The factories are also responsible for helping the EAs establish the performance improvement consultative

committees (PICC) and implementing the improvement plans. The factories subscribe to BW and agree to conditions laid out in an MOU between the factory and BWN.

- The *brands* do not have a country presence and are not members of the PAC. However, they are one of the most important stakeholders because they drive the BW assessment and improvement process. The buyers are responsible for encouraging their suppliers to participate in the BWN program and for purchasing reports. According to BW Buyers' Principles, buyers should be encouraging suppliers to address areas where they do not comply with international labor norms or national labor law. The range of buyers' responsibilities is spelled out in the BW Buyers' Principles.

Stakeholders' Needs and Expectations

At the time of the midterm evaluation, the central level stakeholders comprising the PAC did not believe their needs and expectations of the BWN program were being met. The PAC members did not believe that BWN was helping to create new jobs or to increase the number of contracts with the brands. The PAC members expressed concern about the compliance synthesis report saying that it did not accurately reflect the labor situation in Nicaragua. The PAC members also complained that they were not involved in decision-making, and had minimal access to information about BW interventions at the enterprise level.

Representatives from USDOL and BWG visited Nicaragua from May 5-9, 2014 to discuss the project with the central level stakeholders. During these meetings, the stakeholders raised many of the same issues that they raised during the midterm evaluation that are mentioned in the previous paragraph and documented in the BWN midterm evaluation report.² The stakeholders told the evaluator that the USDOL and BWG representatives explained to them that BW is a global program with certain limitations. They explained that BW could not influence whether the brands decide to buy products from Nicaragua and how they award contracts to the factories. They also explained that the BW compliance assessment tool (CAT) and scoring methodology is standardized and cannot be adjusted on a country-by-country basis. The entire list of issues raised by stakeholders along with the USDOL and BWG responses appear in the BWN strategy and roadmap for the second phase of the project.³

During interviews, the evaluator asked the central level stakeholders whether their needs and expectations as well as their impressions of BWN had changed since the midterm evaluation. The stakeholders told the evaluator that their conversations with the USDOL and BWG representatives helped clarify their concerns and changed their expectations of the project, especially in terms of employment and contract awards from the brands. Nearly all stakeholders believe that BWN is an important mechanism to help factories comply with labor laws and norms and should continue. In fact, the President's Delegate for Investment sent a letter to the Director of the ILO expressing the government's interest and commitment to support the BW

² O'Brien, Dan, *Independent Midterm Evaluation of the Better Work Nicaragua Project*, February 2014

³ *Strategy for the Future of the Better Work Nicaragua Programme*, Better Work Nicaragua, June 2014

program in Nicaragua.⁴ As a result, CNZF has actively engaged in trying to convince more factories to participate in BWN.

The stakeholders, however, still believe that the CAT and scoring methodology should be adjusted to reflect the labor situation in Nicaragua and the synthesis report should be written with a more positive tone that gives factories credit for advances they have made in addressing non-compliance issues. The union confederation representatives told the evaluator that they should have access to the results of the compliance assessments so they know to what extent factories are not complying with labor laws and norms. One of the BWN staff told the evaluator that the results of the compliance assessments are confidential but the confederations could easily access the results through their factory level trade unions that participate on the PICCs.

The only stakeholder that believes BWN is not meeting its needs and expectations is ANITEC. ANITEC's president told the evaluator that USDOL and BWG representatives were able to gain the government's support for the project based on promises of more jobs and contracts, which have not materialized. Another promise made by BW that has not materialized, according to the ANITEC president, was that the number of factory audits would decrease resulting in a significant cost savings for factories. However, ten of the twelve factory managers that were interviewed assured the evaluator that the number and cost of audits have decreased. The ANITEC president expressed concerns similar to other stakeholders about the inappropriateness of the CAT and scoring methodology for countries in Central America.

During the midterm evaluation, the factories told the evaluator that they were participating in the BWN program because the brands required them to do so. Despite disagreements with the interpretation of some non-compliance points, the factories credited the BW services at helping them address non-compliance issues. During the final evaluation, 11 of the 12 factories that were interviewed told the evaluator that they were pleased with the BW core services, especially the advisory services and training.

Ten of the 12 factories said that participation in BWN resulted in fewer audits and cost savings. The other two factories are concerned because BW partner brands are duplicating audits, which they are not supposed to do based on their agreement with BWG. All 12 factories opined that the PICCs have served to strengthen dialogue between the workers and factory management. One factory told the evaluator that BWN should focus more on the specific needs of each factory and provide customized training and technical assistance to address these needs.

In general, the brands that were interviewed are satisfied with the BWN program. They believe the assessment reports are accurate and of high quality. They also believe the two main strengths of the BW program are its approach to continuous improvement (i.e. advisory services and training to help factories address non-compliance issues) and its ability to convene government, unions, and employers (i.e. tripartism). At least one brand compliance manager specifically mentioned the annual synthesis reports as being extremely helpful to her company. Another brand representative suggested that BW include more comparative analyses in the reports regarding improvements or declines in non-compliance points.

⁴ Letter from General Alvaro Baltodano to Mr. Guy Rider on May 25,2015

On the other hand, four of the six brands interviewed noted that BWN is not fully meeting their needs. The most common reason given was that the BW compliance assessment does not include comprehensive fire safety and environmental audit components that their companies require. These brands also noted that outsourcing arrangements that factories might have with other factories are not sufficiently addressed in the compliance assessments. At least three brands believe that the compliance assessments do not always identify non-compliance with ILS such as freedom of association and sexual harassment. These brands believe that BWN should be doing more to identify and follow up on these kinds of critical non-compliance issues.

One company's compliance officer told the evaluator that sexual harassment, for example, can damage the reputation of the brand. While BWN prepares two progress reports between annual compliance assessments, the compliance officer told the evaluator that BWN does not regularly monitor and report on progress made on sensitive non-compliance issues. She said that is why her company is required to conduct its own audits that focus on the particular issue. Apparently, this is what is leading some factories to complain about duplicate audits. Her company, she noted, would like to have more help regularly monitoring such non-compliance issues identified during BWN assessments. This was a sentiment shared by three other brands out of the 10 interviewed.

Another weakness in the BW methodology mentioned by the brands is that the assessment is non-compliance based that depends on a snapshot in time of whether factories are in compliance or not with labor laws. They told the evaluator that the trend in compliance auditing is on systems that can give a much clearer picture of risk and compliance sustainability. Overall, brands opined that BW methodology should incorporate a systems approach to its assessments and reporting. Analyzing systems, such as human resources and OSH, will give a clearer understanding where the risk for non-compliance is likely concentrated that can inform BW advisory services and training. Actually BWG has introduced a self-diagnosis assessment for factories to help prepare for the more formal compliance assessment. The self-diagnosis incorporates a systems approach that should begin to address the concerns expressed by some of the brand representatives because it assesses systems in addition to non-compliance counts.

3.3. Progress and Effectiveness

The TOR poses several questions about the effectiveness of stakeholder engagement. These include whether the project has effectively engaged the stakeholders in project implementation and whether the stakeholders are committed to the project and feel a sense of ownership. The TOR also asks whether recommendations to improve stakeholder engagement made in the midterm evaluation report were implemented. The following section includes an overview of progress, a review of the achievement of the project indicators, an assessment of the effectiveness of stakeholder engagement.

An Overview of Project Progress

Table 3 provides a snapshot of BWN's achievement through July 2015. BWN has identified 43 apparel and textile factories operating in the free trade zones. Of these, the project has managed to convince 25 to participate in BWN, which represents 58% of the total. The 25 participating factories employ 38,565 or approximately 67% of the total number of workers employed by

apparel and textile factories in the free trade zones. BWN identified and targeted 29 brands that are currently purchasing from factories operating in the country’s free trade zones. To date, the project has convinced 11 brands to participate in the BWN program, which represents 38% of the targeted brands.

Table 3: Snapshot of Achievements

Target Groups	Target	Actual	Percent
Participating factories	43	25	58%
Textile workers benefiting	58,254	39,281	67%
Participating brands	29	11	38%

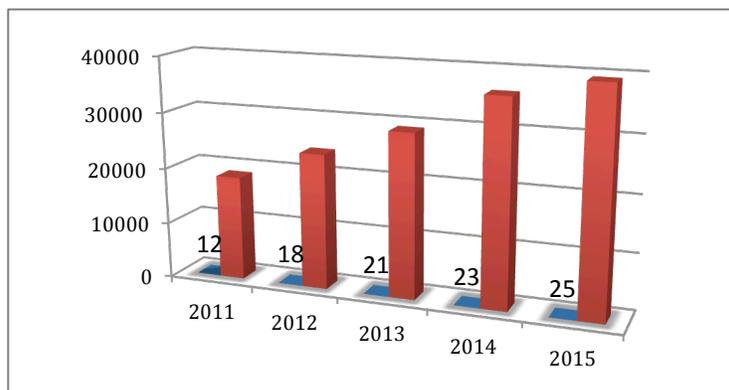
Table 4 compares the number of participating factories, workers, and brands from the 2014 midterm evaluation to the 2015 final evaluation. The number of participating factories actually increased to 26 during the early part of 2015 but decreased to 25 at the time of the final evaluation. Based on the 25 participating factories, the number of workers covered by BWN is 38,565 that represents about a 7% increase. However, the number of brands buying reports from BW decreased by two from 13 to 11.

Table 4: Comparing Targets from BWN Midterm Evaluation to BWN Final Evaluation

Target Groups	January 2014	July 2015
Participating factories	23	25
Textile workers benefiting	36,169	39,281
Participating brands	13	11

Figure 1 shows the number of factories participating in BWN by year since the inception of the project. BWN recruited and enrolled the first group of 12 factories in 2011.

Figure 1: Number of Factories and Employees Participating in BWN by Year



By the end of 2012, the project increased the number of factories participating in the program to 18. During 2013, factory participation increased to 23 but decreased by the end of the year to 21. In 2014, the number of participating factories increased again to 23. In early 2015, the number increased to 26. At the time of the evaluation, however, there were 25 factories participating in BWN. While BWN has experienced a steady increase in the number of factories participating in the program, it appears that it is difficult for BWN to grow the number of factories beyond 26.

Achievement of the Project's Indicator Targets

Table 5 shows the indicator targets and the progress the project has made in achieving the targets for the period January 2011 to June 2015 as reported in the project's project monitoring plan (PMP). The table includes the indicator target, the actual achievement, and a short analysis of the progress in achieving the targets.

Table 5: Progress on Achieving Project Indicators

Indicators	Target	Actual	Comments
Baseline compliance synthesis report is available	2	2	The project planned to conduct and publish two synthesis reports by December 2013. To date, two reports have been produced on published on the BW website.
Number of compliance assessment reports completed	107	86	The project planned to produce 107 reports. According to the PMP, the project has produced 86.
Average factory compliance effort	NA	NA	The project has not established an indicator target for average factory compliance.
MOU with Ministry of Labor is endorsed	2	2	The project has signed two agreements with MITRAB. One agreement focuses on capacity building for inspectors while the other addresses a protocol with MITRAB on "zero tolerance" during assessments (child labor or life threatening work conditions).
Number of joint activities implemented with MINTRAB	9	11	The project planned to conduct 9 joint activities with MINTRAB and is reporting that it conducted 11.
Frequency of Project Advisory Committee (PAC) meetings	14	13	The project planned to hold 14 PAC meetings and has, to date, conducted 13 meetings.
Number of capacity building activities with tripartite constituents	57	46	BWN planned to conduct 57 trainings by the end of June 2015. It has conducted 46.
Number of buyers' forum organized	4	3	The project planned three buyer's forum and has organized all three as planned. The fourth buyer's forum is planed for October 2015.
Number of buyers that are purchasing reports	12	11	Eleven brands are currently buying reports from BW. This is one brand shy of the target but two brands shy of the 2014 achievement of 13 brands purchasing reports.
Number of factory reports purchased by buyers	235	223	BWN has sold 223 compliance assessment and progress reports to brands as of June 2015, which is 12 fewer than planned.

Sustainability plan is available	1	0	The project has not yet developed its sustainability plan as specified in the workplan.
Baseline survey on impact assessment is available	18	18	Under its contract with Tufts University, the Universidad Centroamericana conducted baseline surveys in 18 factories as planned
Evidence that findings from impact assessments are integrated in program strategy	1	0	The project's PMP shows that the findings from the impact assessments have not been integrated into the program strategy. However, the project is reporting that it is using the findings in factory-level trainings on communication and supervisory skills.
A sub-regional meeting to present results of program is held	1	0	The sub-regional meeting is planned for June 2015.

The project is essentially on track to achieve its indicator targets. Two of the most powerful indicators are the number of compliance assessment reports prepared and the number of reports purchased by buyers. The project is slightly underachieving targets for these two indicators. Another powerful indicator is the average factory compliance rate but the project does not have a target nor is it reporting on average compliance. These indicators, for the most part, count numbers of activities or outputs achieved but do not capture the effect or anticipated results of the activities and outputs.

The indicators addressing the impact assessments deserve an explanation. According to BW managers, the Universidad Centroamericana (UCA) conducted baseline surveys in 18 factories. In September 2013, BWG produced internal reports that captured summary statistics from 10 surveys. UCA intends to conduct follow up surveys in 13 factories of the 18 factories and produce a final report on the findings in the fall of 2015. The survey work performed by UCA, which cost approximately \$25,000, was paid using USDOL funds.

Effectiveness of Stakeholder Engagement

The midterm evaluation discovered that the PAC members were not satisfied with their level of participation in the project. Trade union representatives complained that they were not involved in decision-making and did not receive information about the assessments, the results, and the training the project is providing to affiliates. The PAC members told the evaluator that the project was not transparent and was not effectively engaging the tripartite commission to help BWN achieve its objectives.

In the evaluator's opinion, BWN's engagement with its stakeholders, especially the PAC members, has significantly improved since the midterm evaluation. The PAC representatives told the evaluator that communication and transparency have improved. The union confederation representatives commented that they appreciated the willingness of the project to provide funds that had been budgeted for capacity building to fund certificate degrees on labor rights from the University of Paulo Frere. The union representatives also commented that the project is providing more information about PICC activities, especially where the confederations have member unions operating and participating on the PICCs. The union representatives, however, believe the project needs to be more transparent regarding how it budgets and uses resources.

BWN engagement with factories and brands continues to be effective. Representatives from the 12 factories that were interviewed agreed that communication with BWN is highly effective and timely. The factories are satisfied with the engagement with the EAs, industrial relations advisor, and BW trainers. The brands that were interviewed also expressed satisfaction with the level of communication and information exchange with BWN. They told the evaluator that they have an open line of communication with the previous CTA that was productive and expect it to continue with the new CTA.

3.4. Better Work Core Services

The Performance Improvement Compliance Committee (PICC) is one of the most important components of the BW core services package of interventions (advisory services). The TOR lists two questions regarding the effectiveness of the PICCs. The first question aims to determine to what degree workers have participated in the PICCs and whether social dialogue has improved in those factories participating in BWN as a result of BWN interventions. The second asks the evaluator to assess the challenges to worker participation, and how they might be overcome as the project transitions into its sustainability and exit strategy phase. This section addresses these two aspects of the PICCs and worker participation.

Effectiveness of the Performance Improvement Compliance Committees

The PICCs are comprised of approximately six worker representatives and six enterprise management representatives (this varies somewhat from factory to factory). The PICCs are primarily tasked with developing and monitoring a compliance improvement plan based on the results of the compliance assessment. BWN provides training and technical assistance to help the committees develop the plans. The PICCs are also designed to serve as a mechanism to facilitate social dialogue between workers and management.

Currently, 25 factories are participating in BWN of which, 21 have active PICCs. Of the 12 factories that were interviewed for this evaluation, only one did not have a PICC. Where trade unions exist, the affiliates automatically sit on the committee. Where trade unions do not exist, BWN has helped workers elect representatives. The midterm evaluation discovered that many factories initially resisted forming PICCs because factory management feared that they could be used as a stepping-stone to establishing or increasing the presence of trade unions. Interviews with factory management during the final evaluation revealed a substantial change in factory attitudes about the PICCs. The 12 factories interviewed commented that the PICCs are a valuable mechanism to address non-compliance issues and improve social dialogue between management and workers.

One of the major weaknesses of the PICCs that surfaced during the midterm evaluation was their ineffectiveness in communicating progress in the implementation of the improvement plans to workers. The evaluator found that most PICCs did not have strategies for communicating the results of the assessment and the status of the improvement plans to workers. This situation has not changed since the midterm evaluation. The 12 factories interviewed during the final evaluation noted that the PICC does not have an effective communication strategy in place to communicate how BWN and the PICC is addressing non-compliance in the factories.

Challenges to Worker Participation

The major challenges to worker participation are mechanisms that allow workers to provide input to the PICCs and for the PICCs to communicate with workers. During the midterm evaluation, the evaluator interviewed worker representatives of six PICCs including trade union members. To a certain degree, the trade unions keep members apprised of the happenings in the PICCs. However, the trade union and non-trade union PICC members do not have access to effective mechanisms to solicit input from workers nor communicate advances on non-compliance issues and other useful information to workers. In summary, while the majority of factories have functioning PICCs and factory managers credit the PICCs for improving social dialogue, the PICCs are not effective at involving the broader factory workforce for these two reasons.

3.5. Efficiency and Resource Use

The TOR includes a couple of questions about project efficiency and whether the project is on track to expend its resources by the close date. The following section provides an analysis of a set of BWG efficiency indicators to determine where BWN stands compared to other BW country programs. This efficiency analysis is followed by an analysis of the project's expenditure rate for the principle line items in the BWN budget.

Efficiency Indicators

The evaluator selected 10 BWG indicators that reflect some aspect of efficiency. Of these 10, the evaluator focused an efficiency analysis on five indicators that include the number of factories per EA, number of assessments per EA between July and December 2014, average number of days between the assessment and the assessment report, per worker cost, and the annual percent of cost recovery. These five indicators are presented and highlighted in the Table 6 along with the other five indicators that were used to assist in calculating their values. BWG provided these data, which cover the period until December 2014.

The *number of factories per EA* for Nicaragua is four while the number of factories per EA for the other BW countries ranges from three in Haiti to 24 in Cambodia. The factory per EA ratio is higher in smaller BW countries than the larger countries. Lesotho, Haiti, and Nicaragua have three to four factories per EA while the larger BW countries seven to 24 factories per EA.

BWG provided data to the evaluator on the number of assessments that the EAs conducted between July and December 2014. The evaluator used these data to calculate the *number of assessments per EA* for this period, which vary from 1.25 in Lesotho to 9.32 in Cambodia. Nicaragua was the second least efficient behind Lesotho. Again, the smaller BW countries are less efficient than the larger countries when it comes to conducting compliance assessments. This is not surprising since the number of assessments per EA is a function of the number of EAs and the number of factories they cover.

Table 6: Comparison of Efficiency Indicators Among BW Country Programs

BWG Efficiency Indicators	Nicaragua	Cambodia	Haiti	Indonesia	Jordan	Lesotho	Vietnam
Number of participating factories	25	522	27	106	60	16	300

Number of EAs	4	22	9	8	9	4	28
Number of factories per EA	6	24	3	13	7	4	11
Number of assessments between July-Dec 2014	12	205	26	58	29	5	93
Number of assessments per EA July-Dec 2014	1.71	9.32	2.89	7.25	3.22	1.25	3.32
Average days between assessment and report	30	29	40	25	29	20	24
Total workers in registered factories	38,565	495,176	34,000	210,163	47,299	25,000	384,228
Per worker cost in US Dollars	\$25.00	\$1.70	\$39.00	\$6.61	\$13.00	\$12.03	\$2.58
Total program revenue	\$58,263	\$986,656	\$27,530	\$265,800	\$212,095	\$43,946	\$814,553
Percentage of cost recovery (annual)	6%	81%	2%	18%	15%	4%	31%

The average number of days between the assessment and the report is a measure of how efficient countries are at producing reports. The average number of days to produce an assessment report is 28. Lesotho reported the least number of days at 20 while Haiti reported that it takes 40 days to prepare the assessment report. Nicaragua, which takes 30 days to produce the report, is slightly above the average of 28 days.

The *per worker cost* measure is a function of the number of workers in the BW country programs and the program's operating costs. As one might expect, the larger BW countries tend to have lower per worker cost than the smaller BW countries. For example, Cambodia, Vietnam, and Indonesia have the lowest per worker cost at \$1.70, \$2.58, and \$6.61, respectively. Jordan's per worker cost is \$13.00. On the other hand, the per worker cost for Lesotho, Nicaragua, and Haiti are \$12.03, \$25.00, and \$39.00, respectively. The per worker cost for Nicaragua is twice as high as Lesotho but about 40% lower than Haiti.

The *percent of annual cost recovery* is one of the primary indicators that BWG uses to assess financial sustainability. This measure calculates the percent of a country program's operating costs that are recovered through the subscription fees paid by factories and the purchase of the assessment reports by buyers. Again, there appears to be a relatively strong correlation between the size of the BW program and the percent of cost recovery. The BW program in Cambodia, which is recovering 80% of its operating costs, is the only country close to recovering 100% of its operating costs. However, it should be noted that BW Cambodia has been operational for more than a decade. Vietnam is recovering 31% while Indonesia and Jordan are recovering 18% and 15%, respectively. The smaller BW countries are recovering the least. Nicaragua, Lesotho, and Haiti are recovering 6%, 4%, and 2%, of their operating costs, respectively.

In general, the smaller BW countries appear to be less efficient than the larger BW countries. This is due largely to the fact that the countries with large numbers of factories and buyers create economies of scale and increased opportunities to generate revenue. Of the three small BW countries, Nicaragua seems to be more efficient in terms of factories per EA and cost recovery. Nicaragua is more efficient than Haiti and less efficient than Lesotho in the number of days it takes to produce an assessment report, per worker cost while, and number of assessments per EA.

This analysis of efficiency is meant to provide a general idea of how Nicaragua compares to the other BW countries based on several common BWG indicators. The evaluator, however, understands that there may be factors that explain variations in the indicators between countries that were not taken into consideration as part of this analysis.

Expenditure Rate

The expenditure or distribution rate for each line item in the BWN budget is presented in Table 7. As of June 2015, BWN had spent 89% of its total budget over a 57-month period. Since there are three months or approximately 5% remaining in the life of the project, it appears that BWN is slightly underspent by 6%.

After 57 months of implementation, the project line items should be about 95% expended. International staff, sub-contracts, equipment, other staff, and miscellaneous spending are about where they should be at this point in the project life cycle. Travel for project staff is overspent by about 35% while travel for non-project staff is underspent by nearly 70%. The capacity building line item is overspent by about 55%. The contingency line item, which is budgeted at \$174,877, has not been expended

Table 7: BWN Historical Expenditure Analysis 2010-2015 (US Dollars)

Item	Budgeted	Expenditures	Percent
International Staff	\$1,312,292	\$1,243,239	95%
Local Staff	\$224,014	\$168,262	75%
Travel Project Staff	\$174,750	\$208,402	119%
Travel Non-Project Staff	\$359,250	\$112,120	31%
Other Staff	\$1,109,938	\$1,125,195	101%
Sub-Contracts	\$212,796	\$188,556	89%
Capacity Building	\$221,252	\$331,997	150%
Equipment	\$112,500	\$104,408	93%
Miscellaneous	\$340,549	\$279,474	82%
ILO Overhead (7%)	\$257,784	\$263,139	102%
Contingency	\$174,877	\$-	100%
Total	\$4,500,000	\$4,024,791	89%

3.6. Project Management

The TOR contains a question regarding project staffing and whether it is sufficient and appropriate to ensure an effective transition to the sustainability phase. Another question asks whether the capacities of BWN management and support from USDOL and BW Global are adequate to achieve the project results. The staffing and management capacity and support issues are addressed in the following sections.

BWN Staffing and Sustainability

The BWN staffing consists of the chief technical advisor, factory and brands advisor, trade union advisor, training director, training analyst, enterprise advisors (4), administration and finance officer, administrative assistant, and driver. The chief technical advisor was replaced in April 2015 by the government relations advisor. The government relations position has not been filled. The project intends to further cut staff positions to be able to accommodate a reduced budget during the last year of the project.

At the time of this evaluation, USDOL was in the process of approving an allocation of \$550,000 to allow the project to operate until September 2016. BWN has developed a modified management structure to accommodate the reduction in funding. The modified management structure would consist of the same staffing composition except the brands advisor and training analyst who will be retrenched. The major change is that the effort of the training analyst and enterprise advisors will be reduced to 80% while the administrative assistant's time will be reduced to 50%.

BWN will operate on approximately \$630,000 during the last year of the project, which includes the \$550,000 grant allocation from USDOL and approximately \$80,000 from factories and brands. This amount appears to be sufficient to fund the revised management structure that will continue to provide BW core services for the existing brands and factories. However, it is not sustainable once USDOL funding ends. Even if another donor is willing to invest \$500,000 per year, the same sustainability challenge will reemerge once the donor decides to stop providing funds.

3.7. Impact Orientation

It is beyond the scope of this final evaluation to measure impact. Instead of a formal impact assessment, the evaluator has provided an analysis of the anticipated impact based on the review of documents and key informant interviews. According to the project document, BWN intends to have impact on workers, enterprises, and the textile sector. The project aims to improve labor rights, working conditions, and livelihoods for workers. For enterprises, the project intends to increase productivity and quality, realize cost savings by reducing the number of audits, and increase access to international markets. The impact for the sector includes increased contracts, employment, and other social impacts (not defined in the project document).

As discussed previously, there is no evidence that BWN has increased productivity, garment product quality, access to international markets, contracts from buyers, worker livelihoods, or employment. On the other hand, there is evidence that factories have realized a cost savings as a result of paying for fewer audits. During the midterm evaluation, factories noted that the number of audits decreased from eight to three, on average, that represented a cost savings of about \$5,000 per factory interviewed. In addition, factories have improved compliance, which should have an impact on worker labor rights and working conditions.

Factory Non-Compliance Scores

The most tangible indicator of improved factory compliance is the non-compliance scores. An improvement in non-compliance scores should indicate that the BW advisory and training services are effective strategies and are having an impact on factory compliance. This assumes that the compliance assessments are conducted consistently and the results are accurate.

The compliance assessment uses a data collection instrument referred to as the Compliance Assessment Tool (CAT). The CAT consists of two primary categories: international labor standards (ILS) and national labor codes and laws. The ILS includes child labor, discrimination, forced labor, and freedom of association and collective bargaining. The national labor law category includes compensation, contracts and human resources, OSH, and working time. These eight areas are further divided into 39 specific compliance points. There are 250 questions on the CAT that require collecting and triangulating data from documents (i.e. contracts, payroll, timesheets), observation (i.e. toilets, alarms, lighting, seating, use of personal protective gear), and interviews with workers, supervisors, and management. A team of two BWL EAs administers the CAT over a two-day period. The compliance assessments are unannounced.

Since its inception in 2010, 25 factories have participated in at least one compliance assessment. Of these, 10 factories participated in three assessments, nine factories participated in two assessments, and six factories participated in one assessment. To determine to what extent factory non-compliance improved since the beginning of the project, the evaluator organized the 25 factories into four distinct cohorts based on the number of assessments in which they have participated. Following is a short description of each cohort.

Cohort 1 consists of ten factories that participated in compliance assessments in 2012, 2013, and 2014.

Cohort 2 consists of eight factories that participated in compliance assessments in 2013 and 2014 and one factory that participated in compliance assessments in 2012 and 2014.

Cohort 3 consists of six factories that participated in one compliance assessment. Five factories conducted assessments in 2014 assessments while one participated in an assessment in 2015.

Table 8 shows the average non-compliance score for each cohort for each assessment. Cohort 1 consists of the ten factories that participated in the three compliance assessments. The average score in the 2012 assessment was 31. It decreased to 14 in 2013 and to 12 in 2014. Cohort 2 consists of the factories that participated two assessments. The average non-compliance score decreased from 24 to 18.

Table 8: Average Non-Compliance Score by Assessment Cycle for Each Cohort

Cohorts	1st	2nd	3rd
Cohort 1 (n=10)	31	14	12
Cohort 2 (n=9)	24	18	-
Cohort 3 (n=6)	10	-	-

The average non-compliance score for the six factories in Cohort 3 is 10, which is considerably fewer than the first assessment scores for Cohorts 1 and 2. It is not completely clear why the average non-compliance score for the first assessment for Cohort 3 is so low. One possible explanation is that the EAs conducted the first assessments in 2012 under stricter interpretations of the assessment categories, especially national labor laws. This explanation would be consistent with the perceptions of factory managers. During interviews, factory managers told the evaluator that the EAs marked many non-compliance points based on what the factories called grey areas where national law was not entirely clear. They noted that these and many other contentious areas had been resolved.

Another explanation provided by BWN is that the methodology used to identify non-compliance has been modified. In the midterm evaluation report, the evaluator noted that the PAC members and many of the factories believed the scoring methodology was neither accurate nor fair to the enterprises. For example, if the assessment identified one non-compliance point, the enterprise received a non-compliance rating for the entire sub-category. According to BWN management, the CAT was revised to address this concern. The CAT now only counts the non-compliance point and not the entire sub-category. However, using the revised CAT in the follow-up compliance assessments might also account for lower non-compliance scores rather than BW interventions.

Tables 9 and 10 provide more detail for cohorts 1 and 2. Table 10 shows the non-compliance scores for the 9 factories in cohort 1 for compliance assessment (CA) cycles 1, 2, and 3 along with the percent change from CA 1 to 2, from CA 2 to 3, and from CA 1 to CA 3. Eight factories demonstrated substantial improvements in non-compliance scores between CA 1 and CA 2 that ranged from 9% to 75% while two factories showed slight increases in non-compliance scores of -7% and -5%.

Table 9: Cohort 1 Non-Compliance Scores and Percent Change for Compliance Assessments (CA) 1, 2, and 3

Factory	CA 1	CA 2	CA 3	CA 1-CA 2	CA 2-CA 3	CA 1-CA 3
1	51	23	14	55%	39%	73%
2	14	15	7	-7%	53%	50%
3	14	9	6	36%	33%	57%
4	41	16	20	61%	-25%	51%
5	19	20	5	-5%	75%	74%
6	48	10	14	79%	-40%	71%
7	33	16	16	52%	0%	52%
8	36	9	11	75%	-22%	69%
9	11	10	12	9%	-20%	-9%
10	45	14	12	69%	14%	73%

Although not as dramatic, five factories improved non-compliance scores between CA 2 and CA 3 from 14% to 75%. However, four factories experienced increases that ranged from -20% to -40%. The overall improvement from CA 1 to CA 3 is more impressive. Nine factories improved

non-compliance scores by an average of 63%. Only one factory saw a slight increase in non-compliance from 11 in 2012 to 12 in 2014.

Table 10 shows the non-compliance scores for cohort 2 for the first and second CA cycles along with the percent change. Five factories improved non-compliance scores between CA 1 and CA 2 by an average of 47% while one factory showed no increase or decrease. However, three factories experienced increases in non-compliance scores. The most significant increase was from 8 to 15 or about an 88%.

Table 10: Cohort 2 Non-Compliance Scores and Percent Change for Compliance Assessments (CA) 1 and 2

Factory	CA 1	CA 2	CA 1-CA 2
1	42	43	-2%
2	8	15	-88%
3	17	10	41%
4	12	14	-17%
5	50	41	18%
6	23	10	57%
7	26	11	58%
8	27	10	63%
9	12	12	0%

Categories of Factory Non-Compliance

The BWN 2nd Compliance Synthesis report includes 25 factories in the cohorts and covers the period from January 2014 to January 2015.⁵ The area of occupational, safety, and health is the highest area of non-compliance. Twenty-four or 96% of the factories did not meet all the legal requirements regarding worker protection and working environment. Working time and contracts/human resources were the other two categories where factories received high non-compliance scores. In the area of working time, 53% (13 factories) were found to be non-compliant with legal requirements regarding overtime while 28% (7 factories) were non-compliant regarding regular working hours. In the area of contracts/human resources, 12 factories were found to be non-compliant in dialogue, discipline, and dispute (primarily verbal abuse by supervisors). Nine factories did not meet the required legal requirements.

3.8. Sustainability

As noted previously, the focus of this BWN final evaluation is on sustainability of the program's interventions and results. The TOR includes several questions about sustainability including the whether a TPL contingency and sustainability plan were developed as recommended in the

⁵ Better Work Nicaragua: Garment Industry 2nd Compliance Synthesis Report / International Labor Office, International Finance Corporation. - Geneva: ILO, March 2015

midterm evaluation report. The purpose of the contingency plan was to provide BWN a clear path forward in case the US Congress did not approve the TPL. The TOR also asks what elements of BWN that can be sustained (sustainability options) once funding for the project ends.

Sustainability and TPL Contingency Plans

The midterm evaluation recommended that BWN and BWG develop a contingency plan that assumed that the US Congress would not approve another round of TPL for Nicaragua. The plan should have analyzed the impact on the garment sector in terms of production costs, factory relocation, and contracts or orders from brands as well as assess the feasibility of BWN incorporating other export sectors to remain relevant. The midterm evaluation also recommended that BWN conduct a sustainability study to identify alternative sustainability models or options.

The project did not develop the contingency plan. ANITEC conducted scenario planning around the likelihood of the TPL not being approved, which included the anticipated impact on the garment sector. The ANITEC planning included projected impact on production, contracts, and jobs. In addition to the scenario planning, BWN provided funding to conduct a capacity assessment of ANITEC. The objective of the assessment was to determine the feasibility of ANITEC leading a strategy to competitively position the garment sector in Nicaragua to compete if the TPL was not approved. The assessment was supervised by ACTEMP (ILO Bureau for Employers' Activities). The results of the assessment suggested that ANITEC required institutional strengthening before it could effectively lead such a strategy.

The project also did not develop a sustainability plan. According to the former CTA, there were too many obstacles and uncertainties to move forward with sustainability such as the feasibility of establishing a foundation. Instead of a formal sustainability plan, the former CTA wrote a paper on the elements of sustainability and submitted it to BWG for discussion. After the visit from the USDOL and BWG representatives in May 2014, the project developed the *Strategy for the Future of the Better Work Nicaragua Programme* that included targets for the number of factories it would need to subscribe in the program to begin to achieve sustainability. The document called for having 34 factories enrolled by December 2014 and 40 enrolled by June 2015. Obviously the project has fallen short of both targets with only 25 factories currently enrolled in the program.

BWN Resource Requirements

Before discussing options to sustain BWN, it would be helpful to determine the resource needs. BWN operates on about \$1 million per year of which 50% are for direct operating costs and the other 50% are indirect costs such as administrative support and BWN and BWG indirect cost recovery. The project is currently recovering about 15% of its direct operating costs and only 7.5% of its total budget through factory subscriptions and the fees that brands pay for the compliance assessment reports.

As discussed under the management section, BWN intends to modify its structure so it can operate from October 2015 through September 2016 on \$550,000. The modification calls for the retrenching of two technical staff and scaling back the efforts of the union specialist and EAs to 80%. The modified management structure would boost the overall recovery rate from 7.5% to

16%. However, it is not clear where the remaining 84% would come from to maintain even the scaled back version of BWN.

BWN sustainability is essentially a function of income and expenditures. The income side of the equation consists of revenue generated by the factory subscriptions, reports sold to the brands, and the USDOL grant. Table 11 shows revenue generated from factories and brands for years 2012-2014. BWN has generated an annual average of \$78,699 that includes \$44,725 from factory subscriptions and another \$26,737 from the sales of the assessment reports between 2012 and 2014. The revenue for 2015 is not included since it only represents the first six months of the year.

Table 11: Revenue from Factories and Brands and Total Revenue by Year

Year	Factories	Brands	Total Revenue
2012	38,210.00	24,467.00	62,677.00
2013	50,990.00	34,230.00	85,220.00
2014	60,300.00	27,900.00	88,200.00

The expenditures side of the equation has consisted of the BWN budget of approximately \$1 million per year from October 2011 to September 2015 and \$550,000 for October 2015 through September 2016. More than 93% of these expenditures have been paid for by the USDOL grant.

The function of income and expenditures raises two key sustainability questions for BWN. First, what new sources of income can BWN tap and how much income can it generate in addition to the factory subscriptions and assessment report fees? The second question is what is the minimal operating structure and budget that BWN would require to be able to deliver the core BW services and maintain quality?

Based on interviews with factories and brands, the evaluator believes that most brands would be willing to increase the price they pay for the reports by an average of 40% while factories would be willing to increase their subscription fee, on average, by 25%. The evaluator also believes that it may be feasible to increase the number of participating factories to 30. If BWN would realize these increases, it could generate about \$132,950 in revenue that would include \$93,750 from factory subscriptions (30 factories x \$2,500 average fee x 1.25 fee increase) and \$39,200 from the assessment reports (\$28,000 total annual fees from reports x 1.40 increase).

The relatively optimistic revenue projection of \$132,950 is only about 24% of the 2015-2016 BWN budget of \$550,000, which relates to the second sustainability question regarding new funding sources and amounts. During interviews with key stakeholders, the evaluator included questions about new funding sources. A summary of these responses appears below in Table 12.

Table 12: Summary of Comments from Potential Funding Sources

Potential Funding Source	Comments
Alternative Donors	BWN has been in discussions with BWG regarding a donor to replace the USDOL grant. To date, no other donor has been identified.

Government of Nicaragua	General Baltodano, Presidential Delegate for Investment (ProNicaragua), is interested in maintaining BWN because it can help attract investment to the garment sector. However, he said that the government does not have resources to contribute.
Brands (foundations)	The brand compliance managers do not have resources to invest in BWN. When asked, some said that the company foundation might be interested but BWN would have to meet the criteria for any donation. Furthermore, any contribution from the brand could not be seen as a conflict of interest.
Selling Additional Services	BWN staff believe that it could sell certain auditing and certification services that are required by law and not offered by BWN. It is unlikely that BWG would allow BWN to offer services outside the BW package of core services. It also unlikely that these services would generate significant revenue.

The other way to address the sustainability challenge is by decreasing the BWN budget, which is essentially the heart of the second sustainability question noted above. As discussed under the management section, the revised BWN structure to accommodate the reduced annual budget of \$550,000 consists of primarily the same staff. Retrenching two technical staff and decreasing the effort of the union specialist and EAs to 80% realize the bulk of the cost savings.

However, it may be possible to further reduce the budget. For example, BWN could maintain a core team of three persons (i.e. CTA, director of BW services, and finance and administration) and outsource the compliance assessments, advisory services, and training to local consultants and organizations. In fact, the current EAs might be interested in continuing to provide evaluation and advisory services as local consultants rather than as ILO employees. Likewise, there are NGOs that provide training services that could be “trained” by BWN to conduct the BW training and capacity building activities. The savings would be realized by paying local market rates for consulting and training services, which are lower than ILO salary and benefit packages.

Sustainability Options

The evaluator placed special emphasis on sustainability during this evaluation. He discussed options for sustainability during interviews with BWN staff and representatives from government agencies, employer associations, trade unions, factories, and brands. He used the ideas and suggestions from these key stakeholders to develop four sustainability options that were presented and fine-tuned at the stakeholder workshop held on July 10, 2015. These include:

- A. Transfer of BW tools and capacities to stakeholders
- B. Public private partnership (government, factories, brands)
- C. Brands sponsorship
- D. Local entity (foundation)

Each of the sustainability options is discussed below. The discussion includes a description of the option along with the perceived advantages and disadvantages from the perspective of the stakeholders.

A. Transfer of BWN Tools and Capacities – This option consists of transferring BW advisory and training tools and capabilities to the BWN stakeholders, which include MINTRAB, CNZF, ANITEC, factories, and trade unions. The intent of this option is to ensure that stakeholders have access to BW tools and possess the skills necessary to use them to benefit their constituents should BWN be required to close its operations once USDOL funding ends in September 2016.

The transfer of tools and skills to stakeholders might include the following:

- Train MINTRAB labor inspectors in the BW compliance assessment framework and incorporate selected CAT questions into the labor inspection protocols. In addition, build the capacity of MINTRAB to apply the BW continuous improvement process so it has a viable alternative to issuing fines
- Build the capacity of ANITEC to provide OSH advisory services to its member factories, which is a priority for ANITEC and its members.
- Train factories in conducting self-assessments and build their capacity to conduct training, especially OSH training. BWN might also link interested factories to outside training resources such as NGOs that could provide some of the training.
- Train trade union trainers in worker specific training such as life skills and leadership. They would also be interested in training tied to improving non-compliance such as OSH, contracts, and human resources.

The evaluator understands that BWN has started the process to transfer tools and capabilities to stakeholders. However, the stakeholders do not understand that this is part of the BWN sustainability strategy and they have not been fully consulted. The transfer process should be formalized and transparent and the PAC members should be convened and consulted for guidance and suggestions.

B. Public Private Partnership – The Public Private Partnership (PPP) option involves an alliance between the government and the garment sector. The government partner would include ProNicaragua, CNZF, and MINTRAB. The garment sector would include primarily the factories and brands. The PPP option would require the government to invest funds in BWN that would leverage the revenue generated by the factory subscriptions and assessment reports. The government investment would need to cover the BWN gap in funding described earlier (income-expenditures), which the evaluator estimates to be about \$250,000.

ProNicaragua, CNZF, and MINTRAB have expressed strong interest in having BWN continue once USDOL funding ends in 2016. However, these government agencies have indicated that finding funds within government budgets to help fund BWN would be extremely difficult. General Baltodano recommended focusing on increasing the number of factories participating in the program and finding another donor. He said he would approach the World Bank for funding.

C. Brands Sponsorship – This option involves having brands with a vested interest in BW help finance BWN operations. While some of the compliance departments indicated during interviews

that they would be willing to pay more for the assessment reports, they clearly stated that their departments did not have funds to support BWN. On the other hand, some of the larger brands have company foundations that might be interested in supporting BWN. For example, the Disney Foundation has provided funding to BWN for supervisor training. Levi Straus, Nike, Adidas, Target, and Walmart all have foundations. The challenge is that any funding support to BWN would have to be aligned with the giving strategies of the foundations.

D. Local Entity – This option entails establishing a local entity to provide BW core services that is built on a local cost structure (local labor market rates) instead of an ILO cost structure (ILO salary and benefit packages). The most feasible legal structure would be a foundation similar to what BW is considering in Jordan and Indonesia that implement the BW program for the ILO. The foundation would be required to generate enough revenue from factory subscription fees and selling compliance reports to buyers to cover its operational costs.

There are several major obstacles to establishing a local entity. The first is leadership. Someone would have to step into the leadership role and take the initiative to define, register, and operationalize the foundation. The evaluator was not able to identify anyone within BWN or among the stakeholders that posses the interest and willingness to take a leadership role. Another obstacle is time. The project has approximately one year before USDOL funding ends, which is the timeframe for establishing a local entity. Based on experience, the evaluator believes it is highly unlikely that a foundation could be established and operational in one year.

The third obstacle is financial viability. On the surface, it doubtful that a local entity can sustain itself from factory subscriptions and the sale of the assessment reports. If the local entity could generate \$132,950 from increases in factory subscriptions and report fees as described earlier, it would most likely not be sufficient to pay operational costs of the entity.

IV CONCLUSIONS

The following conclusions represent what the evaluator has “concluded” from the analysis of the findings and are organized according to the seven evaluation sections: project design and monitoring and evaluation; relevance and strategic fit; progress and effectiveness; BWN core services; efficiency; project management; impact orientation and sustainability.

4.1. Project Design and Monitoring and Evaluation

- The midterm evaluation identified several weaknesses with the project’s design and PMP and recommended modifications. To date, the objectives and indicators have not been modified and the weaknesses in the project’s PMP remain.
- The project is reporting to BWG on 35 standard indicators. Nine of the BWG indicators would be appropriate and useful indicators to report on to USDOL during the period October 2015 through September 2016. Four of these indicators are highly relevant to assess sustainability.

4.2. Relevance and Strategic Fit

- The tripartite commission that, for the most part forms the BWN PAC, remains consistent in its messages and support to the government’s strategy of attracting investment to Nicaragua and creating jobs. The commission also remains sensitive to criticism. Some are concerned that union confederations may be suppressing labor problems identified by factory level unions in an effort to show solidarity with the government and commission.
- The midterm evaluation identified a range of complaints levied against BWN by the central level stakeholders. The complaints included that BWN was not contributing to increased employment or more contracts for the factories. The stakeholders also complained that the BW compliance assessment tool is not appropriate for Nicaragua and the synthesis report unfairly compares Nicaragua to countries like Cambodia and Vietnam.
- After a visit by USDOL and BWG representatives in May 2014, the perception of the central level stakeholders changed dramatically. Currently, the majority of stakeholders understand what BWN is able to achieve and change and what is unable to change. They accept that BWN cannot directly affect employment and contracts awarded by brands and that the BW assessment methodology is standardized and cannot be adjusted country by country.
- ProNicaragua, CNZF, MINTRAB, and the trade union confederations have agreed to support BWN and convince the garment factories to participate in the BW program. The Presidential Delegate for Investment, General Baltodano, has sent a letter to the ILO Director General, Guy Rider, voicing the Government of Nicaragua’s support for BWN.
- The only central level stakeholder and PAC member that does not support BWN is ANITEC. ANITEC has made it clear that it believes BWN is not meeting the needs of the factories and believes BWN should not continue once USDOL funding ends. ANITEC has approximately 23 members of which nine are participating in BWN. The ANITEC members interviewed during this evaluation believe BWN should continue.

- The representatives of the factories participating in BWN that were interviewed believe that BWN is providing a valuable service and that it should continue once USDOL funding ends. These factories are satisfied with the BW core services, especially the training. Two factories, however, are considering leaving BWN because their clients (brands) are duplicating audits that increase the cost for factories.
- Brands are, in general, satisfied with the quality and accuracy of the BWN assessment reports. They also appreciate the BW methodology; especially the advisory services and training that accompany the assessments. Several brands, however, believe BWN should provide on-going monitoring of high-risk non-compliance issues such as freedom of association violations and sexual harassment.

4.3. Progress and Effectiveness

- BWN is reaching 25 factories and 38,565 workers, which represent 56% of all registered factories in the garment sector and 66% of the workers in the sector. In addition, 11 brands are purchasing reports. These numbers represent a slight increase since the midterm evaluation. At the time of the midterm evaluation, BWN was reaching 23 factories and 36,169 workers. The number of brands purchasing reports, however, has decreased from 13 to 11.
- BWN is on track to achieve its PMP indicator targets. The project is slightly underachieving targets for the number of compliance assessment reports prepared and the number of reports purchased by buyers, which are two of the most powerful indicators in the PMP.
- BWN's engagement with its stakeholders, especially the PAC members, has significantly improved since the midterm evaluation. Overall, communication and transparency have improved and BWN is providing more information to union representatives about PICC activities, especially where the confederations have member unions operating and participating on the PICCs.
- BWN engagement with factories and brands continues to be effective. The factories and brands interviewed believe that communication with BWN is highly effective and timely. The factories are satisfied with the engagement with the EAs, industrial relations advisor, and BW trainers. The brands would like to have more information regarding BWN sustainability plans and transition.

4.4. BWN Core Services

- The midterm evaluation discovered that many factories initially resisted forming PICCs because factory management feared that they could be used as a stepping-stone to establishing or increasing the presence of trade unions. Currently, the factories that were interviewed believe that the PICCs are a valuable mechanism to address non-compliance issues and improve social dialogue between management and workers.
- The major challenges to worker participation are mechanisms that allow workers to provide input to the PICCs and for the PICCs to communicate with workers. Trade union and non-trade union PICC members do not have access to effective mechanisms to solicit input from workers nor communicate advances on non-compliance issues and other useful information to workers.

4.5. Efficiency

- Small BW countries including Nicaragua, Haiti, and Lesotho appear to be less efficient than the larger BW countries. This is due largely to the fact that the countries with large numbers of factories and buyers create economies of scale and increased opportunities to generate revenue.
- Of the small BW country programs, Nicaragua seems to be more efficient in terms of factories per EA and cost recovery. Nicaragua is more efficient than Haiti and less efficient than Lesotho in the number of days it takes to produce an assessment report, per worker cost while, and number of assessments per EA.
- The BWN grant of \$4.5 million is 89% expended over a 57-month period with three months remaining in the original cooperative agreement with USDOL. This means that the project is slightly underspent by 6%.

4.6. Project Management

- USDOL is considering providing an additional allocation of \$550,000 to allow the BWN operate until September 2016. BWN has developed a modified management structure to accommodate the reduction in funding. The modified management structure would consist of the same staffing composition except the brands advisor and training analyst who would be retrenched. The major change is that the effort of the training analyst and enterprise advisors will be reduced to 80% while the administrative assistant's time will be reduced to 50%.
- The modified management structure will operate on \$630,000 that includes the \$550,000 USDOL grant and about \$80,000 of revenue from factories and brands. The structure and its cost are not sustainable in the long run because it would require a donor to provide \$500,000 per year for as long as the project would need to operate.

4.7. Impact Orientation

- There is no evidence that BWN has increased worker productivity, product quality, factory access to international markets, contracts from brands, worker livelihoods, or employment. There is evidence, however, that factories have realized a substantial cost savings as a result of paying for fewer audits.
- Factories that have participated in three compliance assessments improved their average non-compliance scores from 31 in 2012, to 14 in 2013, and to 12 in 2014. This represents a 55% improvement. Factories that have participated in two compliance assessments improved their average non-compliance score from 24 to 18. This represents a 25% improvement. However, revisions made to the CAT might account for some of the non-compliance improvements rather than the BWN interventions.
- The vast majority of factory non-compliance points are concentrated in the area of OSH. Twenty-four or 96% of the factories did not meet the entire legal requirements regarding worker protection and working environment. In addition, thirteen factories were found to be non-compliant with legal requirements regarding overtime while 12 factories were found to be non-compliant in dialogue, discipline, and dispute (primarily verbal abuse by supervisors) that fall under national labor laws.

4.8. Sustainability

- The midterm evaluation recommended that BWN and BWG develop a contingency plan that assumed that the US Congress would not approve another round of TPL for Nicaragua. The project did not develop the contingency plan nor conduct a sustainability study.
- It is difficult to financially sustain the BW program in countries with a relatively small number of factories like Nicaragua and Lesotho because the program cannot generate the amount of revenue it requires to cover operational costs. If a donor has not been identified to provide funding, the BWG will likely close the program. This is the case with Nicaragua and Lesotho.
- The newly revised and reduced budget of \$550,000 is largely unsustainable given the most feasible revenue sources. BWN has generated approximately \$70,000 per year from factory subscriptions and fees from selling compliance assessment reports to brands. If BWN increased factory subscriptions by 25% (on average) and report fees by 40% (on average), it could generate about \$132,950 per year. This is still \$417,050 short of the newly revised and reduced budget of \$550,00.
- BWN has several sustainability options available. The most feasible is the transfer of BW tools and skills to key stakeholders. This way, if the project is unable to find a successful sustainability strategy and is forced to end its operations in Nicaragua, its stakeholders will benefit from important BW tools and skill sets to help them address compliance.

V RECOMMENDATIONS

5.1. Transfer of BW Tools and Skills to Stakeholders

BWN has started to transfer BW tools and skills to some stakeholders. BWN should immediately formalize the process by taking three specific steps. First, it should organize a meeting with PAC members to discuss a strategy and plan to transfer tools and skills to stakeholders. The meeting could review the complete set of tools such as the CAT, PICC guidelines, trainings, and other relevant tools and begin to discuss particular tools that PAC stakeholders would be interested in having and the training that would be needed to ensure the tools would be applied effectively.

Second, the project should meet with factories to determine what tools and skill sets that would like to have transferred before the project ends. While it makes sense to meet with the PICCs where they exist, factory managers/decision-makers should also participate. The tools and skills might include the factory self-evaluation tool and process as well as relevant the training courses. The project should also consider identifying and linking the factories to outside training organizations that can help provide training to those factories that do not have a training capacity. BWN may need to train the training organizations in BWN content.

Third, based on the outcome of the meetings with PAC members and factories, the project should develop a plan to transfer tools and skills to the designated stakeholders. The plan should be clear on what tools and skills will be transferred, the methodology to be used, who will be responsible, and a well-defined timeframe. The CTA, however, should be overall responsible for the development and implementation of the plan and should report progress to USDOL on a monthly basis. There is only slightly more than 12 months remaining in the project.

5.2. Alternative BWN Structure

BWN should develop and cost an alternative management structure that is highly efficient. Historically, BWN has operated on approximately \$1 million per year. BWN has recently developed a modified structure to accommodate a reduced budget of \$550,000 for the last year of the project. However, the reduced budget of \$550,000 is about 80% more than the project can generate from factory subscriptions and sales of reports to brands.

Two of the sustainability options identified during the evaluation call for BWN to approach the Government of Nicaragua and the brands to see if they would be willing to provide funds to bridge the gap between current revenue flows and the required budget. Before approaching the government, brands, or other donors, the project should develop an alternative structure that can operate on a significantly reduced budget while assuring the quality of BW core services. The alternative structure might consist of a core BW team of three persons that oversee the outsourcing of the assessments, advisory services, and training.

5.3. Assessment of Sustainability Options

BWN and USDOL should assess the sustainability options presented and discussed in Section 3.8 to determine whether any show particular promise. As noted previously, the transfer of tools

and skills to stakeholders should be formalized, planned, and implemented immediately. This is more of an exit strategy than a sustainability plan but it will help assure that stakeholders continue to use BW tools to address labor compliance issues once the project ends. The other sustainability options include a partnership with the Government of Nicaragua, brand sponsorship, and establishing a local entity. While each of these options present challenges, it would be useful for BWN and USDOL to discuss and assess their feasibility and potential. The USDOL manager overseeing the BWN project plans to visit Nicaragua in September 2015. The review of the sustainability options could take place during this visit.

5.4. Revision of Indicators

BWN should revise the current set of indicators in the PMP. Many of the indicators are not helpful to assess project progress during the last year of implementation and should be omitted. BWN reports to BWG on 35 standard indicators of which nine (listed in Section 3.1) are relevant to BWN. These indicators should be added to the PMP and reported to USDOL during the last year of the project. Four of these indicators (listed in Section 3.1) are highly relevant to sustainability. The two most important sustainability indicators are the number of brands buying reports and the number of factories enrolled in the program. These indicate the two primary streams of revenue.

In addition, the project should add indicators to capture the transfer of BWN tools and skills to stakeholders. The BWN tools and skills indicators would be defined once BWN and the stakeholders decided what tools and skills are to be transferred. Once this is agreed, the project should develop indicators to measure the capacity of the stakeholder to absorb and use the tools and skills. These might include the following:

- Number/percent of labor inspectors effectively applying modified CAT during inspections
- Number/percent of ANITEC members with improved non-compliance scores in OSH
- Number/percent of factories effectively applying self-evaluations
- Number/percent of factories replicating BW training courses
- Number/percent of union confederations replicating BW training courses

The project should also develop indicators to measure the transition plans for factories and brands that is described below. These indicators might be the number and percent of factories with complete transition plans and the number and percent of brands that commit resources to assist their suppliers implement the transition plans.

5.5. Transition Planning for Factories and Brands

BWN should work with each factory to develop a transition plan that assumes that the project will end in September 2016. The transition plans should document the progress that the factories have made in addressing non-compliance points. The plans should also identify the compliance issues that remain along with specific actions that factories intend to take to resolve the compliance issues once the project ends. The plans should include any technical assistance and resource that factories might need to successfully address these issues. Finally, the plan should

include important lessons that factories and BWN have learned since the factory enrolled in the program. These should be clearly documented in the plan.

Once the transition plans are completed, BWN should send them to the corresponding brands and schedule conference calls to discuss the plans. There are a couple of reasons to involve the brands. First, the brands have expressed an interest putting a formal closing to their involvement BWN once the project ends. The transition plans would contribute to formal closure. Another reason is that some brands have access to discrete resources that they may be willing to make available to factories to continue to work on non-compliance points. While it does not seem likely that brands would be willing to provide large sums of funding to support the BWN program, brands would be interested to help locate resources for factories committed to addressing compliance issues but that may lack resources.

5.6. Sustainability of Small BW Countries

USDOL should understand that countries with a limited number of factories, like Nicaragua, are difficult to sustain without a substantial injection of funding from donors to compliment revenue generated by factory subscriptions and the sales of compliance reports. If USDOL intends to provide grants to ILO to fund BW programs in small countries, a clear and viable sustainability strategy should be built into the design of the BW country program. USDOL and ILO should be able to determine where funds will come from to fill the gap between factory and brand revenue and the required budget to operate the program. If replacement funds cannot be identified and USDOL decides to fund the BW country program anyway, the project design should include a strategy to transfer tools and build capacities of stakeholders beginning in the first year of the project. The project design should also include a strategy to link stakeholders to local technical assistance and training services that would be available once the BW country program ends. The BW program would likely be required to orient and train these service providers in BW approaches and standards.

ANNEXES

ANNEX A: Terms of Reference

TERMS OF REFERENCE

for the
Independent Final Evaluation
of
ILO/IFC Better Work Nicaragua Project

Cooperative Agreement Number:	No. IL-21070-10-75-K
Financing Agency:	U.S. Department of Labor
Grantee Organization:	International Labor Organization
Dates of Project Implementation:	September 30, 2010 to September 30, 2015
Type of Evaluation:	Independent Final Evaluation
Evaluation Field Work Dates:	June 29 to July 10, 2013
Preparation Date of TOR:	June 12 to June 19, 2015
Total Project Funds from USDOL Based on Cooperative Agreement(s):	US \$4.5 million

LIST OF ACRONYMS

ACTEMP	ILO Bureau for Employers' Activities
ACTRAV	ILO Bureau for Workers' Activities
BW	Better Work
BWN	Better Work Nicaragua
CAT	Compliance Assessment Tool
EA	Enterprise Advisor
IFC	International Finance Corporation
ILO	International Labor Organization
ILS	International Labor Standards
IO	Intermediate Objective
LFA	Logical Framework Approach
M&E	Monitoring and Evaluation
MoL	Ministry of Labor
MPG	Management Procedures & Guidelines
NORMES	ILO Bureau for International Labor Standards
OSH	Occupational Safety and Health
PAC	Project Advisory Committee
PICC	Performance Implementation Compliance Committee
PMP	Performance Monitoring Plan
RBM	Results Based Management
STAR	Supply Chain Tracking Remediation Tool
TOR	Terms of Reference
US	United States
USG	United States Government
USDOL	United States Department of Labor

INTRODUCTION

The U.S. Department of Labor (USDOL) has contracted O'Brien & Associates International, Inc. to undertake an evaluation of the Better Work Nicaragua Program (BWN). BWN is a five-year, \$4.5 million project that was funded by USDOL in 2009 and is implemented by the International Labor Organization (ILO). The evaluation is intended to identify effective practices, mechanisms and partnerships and assess the prospects for sustaining them beyond the life of the project.

The following Terms of Reference (TOR) serves as the framework and guidelines for the evaluation. It is organized according to the following sections.

1. Background of the Project
2. Purpose, Scope, and Audience
3. Evaluation Questions
4. Evaluation Management and Support
5. Roles and Responsibilities
6. Evaluation Methodology
7. Evaluation Milestones and Timeline
8. Deliverables and Deliverable Schedule
9. Evaluation Report

BACKGROUND OF THE PROJECT

BWN aims to improve competitiveness of the industry by enhancing economic performance at the enterprise level and by improving compliance with Nicaragua labor law and the principles of the ILO Declaration on Fundamental Principles and Rights at Work. BWN combines external enterprise assessments with enterprise advisory and training services to support practical improvements through workplace cooperation. It is an industry-based scheme designed to work at the enterprise level. Enterprises can use the Better Work Supply Chain Tracking and Remediation Tool (STAR) to demonstrate compliance performance and corrective actions to their international buyers. This allows buyers to reduce their own auditing and redirect resources toward fixing problems.

BWN has three components consisting of enterprise assessments and advisory services, stakeholder engagement and sustainability, and knowledge management and impact. The goal or development objective of BWN is *to contribute to poverty reduction in Nicaragua by expanding decent work opportunities in targeted export industries*. The project has the following three intermediate objectives:

1. To increase compliance with national labor law and with international labor standards in the Nicaragua apparel sector.
2. To develop elements of sustainability, with appropriate stakeholder engagement, to support the ongoing operation of BWN.
3. To integrate lessons learned and results of the project into government policies, international policy debates, and geographical and as well as sector wide strategies.

The project intends to achieve a range of outcomes for workers, enterprises, and the textile and apparel sector. These outcomes are summarized below.

- A. For the workers: i) better protection of their labor rights; ii) better working conditions; and iii) positive impact on their livelihoods and their families.
- B. For the enterprises: i) Increased production and quality; ii) cost saving due to reduction in duplicative auditing and remediation; iii) Better qualified workers; iv) Increased access to international markets and better relationships between producers and international buyers.
- C. For the textile and apparel sector: i) better positioning and development of the sector; ii) increased exports; iii) increased employment; iv) positive social and human development impacts.

PURPOSE, FOCUS, AND AUDIENCE OF EVALUATION

USDOL-funded projects are subject to independent mid-term and final evaluations. This evaluation of the BWN project is occurring toward the project's foreseen end-point. The purpose of this evaluation is to assess the potential for the sustainability of the interventions and results undertaken during the project and identify concrete steps the project might take to help ensure sustainability.

The evaluation will **focus** data collection primarily on selected project documents and reports and interviews with key project personnel, partners, and stakeholders in Nicaragua. The project will be evaluated through the lens of a diverse range of international and national stakeholders that participate in and are intended to benefit from the project's interventions.

The primary **audiences** of the evaluation are USDOL and the ILO. USDOL and ILO intend to use the evaluation report to determine the strengths and weaknesses of the project design and implementation and identify effective principles, practices or services that should be adopted or continued by the Government of Nicaragua and/or other key stakeholders after the project ends.

The primary stakeholders of the evaluation are USDOL, ILO, the Government of Nicaragua and the constituents in Nicaragua. The ILO, the tripartite constituents and other parties involved in the execution of the project would use, as appropriate, the evaluation findings and lessons learned. The evaluation findings, conclusions and recommendations will also serve to inform stakeholders in the design and implementation of subsequent projects in the country and elsewhere as appropriate.

EVALUATION QUESTIONS

To serve these purposes, while addressing issues on the validity of the project's design, relevance of services to the target groups, efficiency and effectiveness of the implementation and the impact of results, this evaluation will focus on the potential for sustainability. . The evaluation will respond to these questions and potential additional questions as determined by the stakeholders and evaluator before the fieldwork begins. The evaluator may also identify further points of importance during the mission that may be included in the analysis as appropriate.

Validity of the project design

1. How can the indicators and monitoring tools (PMP) be adjusted to better monitor efforts under the upcoming sustainability phase of the project?

Relevance and strategic fit

2. To what extent were the project's immediate objectives consistent with the needs of key stakeholders including apparel sector workers, producers, the Government of Nicaragua, social partners, and international buyers? Have the needs of these stakeholders changed since the beginning of the project in ways that affect the relevance of the program?

Project progress and effectiveness

3. How effectively has the project engaged stakeholders in project implementation? How effective has the project been in establishing national ownership? What is the level of commitment of the government, the workers' and employers' organizations to, and support for, the project? How has it affected its implementation?
4. The mid-term evaluation recommended that BWN should develop a communication strategy based on formative research in order to communicate more effectively with key stakeholders about the program. To what extent and in what ways did the project follow-up on this recommendation, especially in light of the need to communicate with stakeholders about the project's exit and sustainability options? How could the project improve its outreach and communication with key stakeholders?

Efficiency of resource use

5. Is the project on track to expend its resources according to schedule (rate of expenditures)?

Effectiveness of management arrangements

6. Is the project adequately staffed for the transition to sustainability period?
7. To what extent do management capacities and support from DOL and BW Global support the achievement of results? The mid-term evaluation recommended that BWN should consult BW Global and, together, define an engagement strategy with the tripartite commission, particularly on issues surrounding methodology for identification of non-compliance and integrating BWN within the tripartite commission. To what extent has the project been able to improve its engagement with the PAC? What has worked well or not as well as hoped?

Effectiveness of Better Work core services

8. To what degree have workers participated in the PICC (or equivalent workers-management structure at the factory level) formation and implementation process? Has the nature of social dialogue in the participating factories in the project changed because of the implementation of the project advisory activities? What are the challenges to worker participation, and how might they be overcome as the project transitions into its sustainability and exit strategy phase?

Impact orientation and sustainability, including effectiveness of stakeholder engagement

9. What is the nature of the commitment from national stakeholders, including the Government of Nicaragua, the labor movement (locally, regionally and internationally), employers (both the employers' association and participating factories themselves)? How has it changed since the project's mid-point?
10. What steps has the project taken since the mid-term evaluation to more effectively leverage the Project Advisory Committee (PAC) as a tripartite mechanism for providing guidance and advancing progress on project objectives?
11. What is the nature of buyers' engagement in BWN and how has it changed since the mid-term evaluation? Has the project followed-up on recommendations to engage and communicate with prospective and existing buyers in a more effective manner? Has Nicaragua gained new buyers or increased orders because of improved compliance in the factories?
12. What are the key elements that the project developed during this time that could be sustained beyond the life and the context of the project (e.g. team capacity transferable to the MoLE, factory compliance improvements transferable to other factories and business association, etc.)?
13. The mid-term evaluation included a recommendation that BWN and BW Global develop a contingency plan that assumes that the US Congress will not approve another round of TPL for Nicaragua. The plan was to analyze the impact on the garment sector in terms of production costs, factory relocation, and contracts or orders from brands as well as to assess the feasibility of BWN incorporating other export sectors. The purpose of the plan was intended to outline a clear path forward for BWN without the benefits of TPL. Was this contingency plan developed? If so, what were the results? If not, what is the status?
14. The mid-term evaluation also recommended that BWN should commission a sustainability study to explore and identify alternative sustainability models or options such as establishing a local entity or embedding BWN into a national or international organization, detailing the governance structure, business or financial viability model, and relationship to BW Global for each option. Has a sustainability study been carried out? If so, what were the results? If not, what is the status? Is a sustainability plan being pursued to facilitate the transition to the exit of the BW program in a proactive manner?
15. How can Recommendations 5.1, 5.2, 5.3, and 5.9 from the Midterm Evaluation be effectively included into a sustainability plan?

EVALUATION MANAGEMENT AND SUPPORT

Dan O'Brien will serve as the evaluator for this evaluation. Dan is a private sector and labor expert with substantial experience providing technical assistance to and evaluating employer-based labor projects. Dan is based out of El Salvador and has extensive evaluation experience in Central America including the mid-term evaluation of the BWN program. Dan also conducted the mid-term evaluation of the Better Work Bangladesh preparation phase project and the mid-term evaluation of the Better Work Nicaragua program. He also provided technical backstopping for the evaluations of Better Work Vietnam and Better Factories Cambodia projects.

O'Brien and Associates will provide logistical, and administrative support to the evaluator, including travel arrangements and all materials needed to provide the deliverables specified in the Terms of Reference. O'Brien and Associates International will also be responsible for providing technical oversight necessary to ensure consistency of methods and technical standards.

ROLES AND RESPONSIBILITIES

The Evaluator is responsible for conducting the evaluation according to the terms of reference (TOR). He will:

- Finalize and submit the TOR
- Review project background documents
- Review the evaluation questions and refine the questions, as necessary
- Develop and implement an evaluation methodology (i.e., surveys, conduct interviews, review documents) to answer the evaluation questions, including a detailed discussion of constraints generated by the retrospective nature of this evaluation methodology and data collection and how those constraints could be avoided in future projects
- Conduct planning meetings/calls, as necessary, with USDOL and ILO
- Decide composition of field visit interviews to ensure objectivity of the evaluation
- Present verbally preliminary findings to project field staff and other stakeholders as determined in consultation with USDOL and the ILO
- Prepare an initial drafts (48 hour and 2 week reviews) of the evaluation report and share with USDOL and ILO
- Prepare and submit final report

USDOL is responsible for:

- Drafting the initial TOR
- Reviewing CV of the proposed Evaluator
- Providing project background documents to the Evaluator (responsibility is shared with ILO)
- Obtaining country clearance
- Briefing ILO on upcoming visit and work with them to ensure coordination and preparation for evaluator
- Reviewing and providing comments of the draft evaluation report
- Approving the final draft of the evaluation report
- Participating in the post-trip debriefing
- Including USDOL evaluation contract COR on all communication with evaluator(s)

ILO is responsible for:

- Reviewing the TOR, providing input, as necessary, directly to the evaluator, and agreeing on final draft

- Providing project background materials to the evaluator
- Preparing a list of recommended interviewees
- Scheduling meetings for field visit and coordinating in-country logistical arrangements
- Reviewing and providing comments on the draft evaluation reports
- Organizing and participating in the stakeholder debrief
- Including USDOL program office on all communication with evaluator

EVALUATION METHODOLOGY

Performance shall be assessed in terms of six criteria: relevance and strategic fit; validity of project design; project progress and effectiveness; efficiency of resource use; impact orientation and sustainability of the project; and effectiveness of management arrangements.

The evaluation shall draw on six methods: 1) review of documents, 2) review of operating and financial data, 3) interviews with key informants, 4) field visits, 5) a stakeholder debrief before leaving Managua, and 6) a post-trip conference calls.

Document Review: The evaluator will review the following documents before conducting any interviews or trips in the region.

- The project document
- Cooperative agreement
- Technical progress reports and comments
- Reports on specific project activities
- Training materials
- Trip reports, field visits, meetings, needs assessments and other reports
- Strategic framework, PMP, and performance indicators
- Work plans and budgets
- Any other relevant documents

Interviews with key informants: Interviews are to be conducted with key program stakeholders (by phone or in-person) including (but not limited to):

- USDOL project management team
- ILO BW team in Geneva
- BWN country team including enterprise advisors
- Government counterparts
- Free Trade Zone Commission
- Factory representatives (a sample of 8-10 factories)
- Trade union representatives
- Private Sector representatives (COSEP, ANITEC)
- Project Advisory Committee (PAC)
- ProNicaragua
- IFC representative in Nicaragua
- ILO ACTRAV and ACTEMP representatives in San Jose

- International buyer representatives including individual brands and associations such as AmCham.

Fieldwork in Nicaragua: The evaluator will meet the BWN director and country team to discuss the purpose and logistics of the evaluation. In addition, BWN will assist the evaluator schedule interviews with the list of key informants listed above.

In addition to interviewing the various representatives, the evaluator will interview the PAC members both individually and as a committee. He will also interview the trade union representatives separately. The evaluator will work with BWN management to develop a list of criteria that will be used to select a non-random sample of 8-10 factories to interview. Interviews with the ILO BWN point person and the NORMES, ACTRAV and ACTEMP representatives will be conducted by telephone once the fieldwork is completed.

The exact itinerary will be determined based on scheduling and availability of interviewees. Meetings will be scheduled in advance of the field visit by the project staff, coordinated by the designated project staff, in accordance with the evaluator's requests and consistent with these terms of reference. *The evaluator should conduct interviews with beneficiaries and stakeholders without the participation of any project staff.*

Stakeholder debriefings: Before departure from Nicaragua, the evaluator will conduct a debriefing meeting with project staff to discuss initial findings of the evaluation.

Post Trip Debriefings: Upon return from Nicaragua, the evaluator will provide a post-trip debrief by phone to relevant USDOL and ILO staff to share initial findings and seek any clarifying guidance needed to prepare the report. Upon completion of the report, the evaluator will provide a debriefing to relevant USDOL and ILO on the evaluation findings, conclusions, and recommendations, as well as any association limitations to the evaluation methodology and on the evaluation process in general.

Ethical Considerations: The evaluator will observe utmost confidentiality related to sensitive information and feedback elicited during the individual and group interviews. To mitigate bias during the data collection process and ensure a maximum freedom of expression of the implementing partners, stakeholders, communities, and beneficiaries, implementing partner staff will generally not be present during interviews. However, implementing partner staff may accompany the evaluator to make introductions whenever necessary, to facilitate the evaluation process, make respondents feel comfortable, and to allow the evaluator to observe the interaction between the implementing partner staff and the interviewees.

Limitations: The scope of the evaluation specifies two weeks of fieldwork, which is not enough time to visit all of the project sites to undertake data collection activities. As a result, the evaluator will not be able to consider all sites when formulating his findings. All efforts will be made to ensure that the evaluator is visiting a representative sample of sites, including some that have performed well and some that have experienced challenges.

This is not a formal impact assessment. Findings for the evaluation will be based on information collected from background documents and in interviews with stakeholders, project staff, and beneficiaries. The accuracy of the evaluation findings will be determined by the integrity of information provided to the evaluator from these sources and the ability of the latter to triangulate this information.

Furthermore, the ability of the evaluator to determine efficiency will be limited by the amount of financial data available. A cost-efficiency analysis is not included because it would require impact data, which is not available.

EVALUATION MILESTONES AND TIMELINE

Activity	Date	Products/Comments
Prepare and submit final TOR	June 22	Draft TOR
Doc reviews, methodology, data collection instruments	June 22-26	Final evaluation questions Methodology section Instruments
USDOL pre-trip calls		TBD
Fieldwork Nicaragua including debrief meeting	June 29-July 10	Debrief presentation
USDOL and ILO debrief calls		TBD
Analysis and report writing	July 13-31	
Send first draft report for 48 hour review	August 3	Draft Report 1
Revise and send second draft report for 2 week review	August 6	Draft Report 2
Finalize and send final report	August 24*	Final Report

* These dates depend on when USDOL and ILO provide comments to evaluator

DELIVERABLES AND DELIVERABLE SCHEDULE

- A. Finalized TOR with USDOL and ILO consensus, June 22, 2015
- B. Method to be used during field visit, including itinerary, June 22, 2015.
- C. Debriefing meeting/presentations, July 10, 2015
- D. USDOL and ILO debrief calls, July ?, 2015
- E. Draft Report 1 to USDOL and ILO August 3, 2015 (48-hour review).
- F. Draft Report 2 to USDOL and ILO by August 6, 2015 (2 week review)*
- H. Final Report to USDOL and ILO by August 24, 2015*

* These dates depend on when USDOL and ILO provide comments to evaluator

EVALUATION REPORT

The evaluator will complete a draft report of the evaluation following the outline below and will share it with the USDOL and the ILO for an initial 48-hour review. Once the evaluator receives comments, he will make the necessary changes and submit a revised report. USDOL and the ILO will have two weeks (ten business days) to provide comments on the revised draft report. The evaluator will produce a re-draft incorporating the USDOL and ILO comments where appropriate, and provide a final version within three days of having received final comments.

The final version of the report will follow the format below (page lengths by section illustrative only) and be no more than 30 pages in length, excluding the annexes:

Report

1. Title page (1)
2. Table of Contents (1)
3. Acronyms (1)
4. Executive Summary (5)
5. Background and Project Description (1-2)
6. Purpose of Evaluation (2)
7. Evaluation Methodology (1)⁶
8. Findings, Conclusions, and Recommendations (no more than 20 pages)

This section should be organized around the TOR key issues and include findings, conclusions and recommendations for each.

Annexes

1. Terms of reference
 2. Strategic framework
 3. Project PMP and data table
 4. Project workplan
 5. List of meetings and interviews
- Any other relevant documents

⁶ This section should include a discussion of how future projects of this nature could be implemented to allow for evaluation methods that can more confidently assert causal impacts.

ANNEX B: Interview Guide

Below is the general interview guide that was modified and used for the specific interviews.

Validity of the project design

- Is the current set of project indicators appropriate for measuring project effects and results in the sustainability phase of the project?
- Should the indicators in the PMP be adjusted to more effectively measure impact in the sustainability phase? If so, how?

Relevance and strategic fit

- Is the project's strategy meeting the needs and expectations of the key stakeholders? If not, why?
- Have the needs of these stakeholders changed since the beginning of the project in ways that affect the relevance of the program?

Project progress and effectiveness

- Has the project effectively engaged the stakeholder? Please explain.
- Are the key stakeholders committed to the project? Are these stakeholders willing to invest resources and effort to sustain the BWN interventions?
- Does the project have a communication strategy in place to effectively communicate with the stakeholders?
- How effectively has the project been at involving the buyers? Has buyer engagement and communication improved since the mid-term evaluation?
- Have the factories participating in the project acquired more buyers as a result of BWN interventions?

Efficiency of resource use

- Is the project on track to expend its resources by the end of the project?

Effectiveness of management arrangements

- Is the project adequately staffed for the transition to sustainability period? If not, what adjustments should be made?
- What support does the BWN require to ensure successful transition during the sustainability phase?
- Did the project develop a strategy to engage the tripartite commission and better integrate BWN into the commission?
- How effectively has the project engaged PAC? What has worked well and what has not worked as well?

Effectiveness of Better Work core services

- To what degree have workers participated in the PICC formation and implementation process? What have been the obstacles to effective participation?
- Has social dialogue improved in the participating factories as a result of project advisory activities?
- How might worker participation be improved in the sustainability phase of the project?

Impact orientation and sustainability, including effectiveness of stakeholder engagement

- What are the key elements of BWN that could be sustained beyond the life and the context of the project?
- Has the project developed a contingency plan in the case the TPL was not approved?
- Did the project implement a sustainability study to explore and identify alternative sustainability models or options? If so, please describe the study. If not, why?

ANNEX C: List of Documents Reviewed

1. BWN Project Document
2. BWN Performance Monitoring Plan (December 2014)
3. Technical Progress Reports (January 2014 to March 2015)
4. BWN Garment Industry 2st Compliance Synthesis Report
5. Strategy for the Future of the Better Work Nicaragua Programme, Better Work Nicaragua, June 2014
6. Better Work Nicaragua –Study to Determine Pricing for Labor Monitoring and Advisory Services, July 23, 2014
7. Buyers Forum Report, October 31, 2014
8. Letter from General Alvaro Baltodano to Mr. Guy Rider on May 25, 2015
9. Letter from Mr. Guy Rider to General Alvaro Baltodano on June 25, 2015
10. Better Work Nicaragua Viability Elements, March 2014

ANNEX D: List of Persons Interviewed

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