INDEPENDENT MIDTERM EVALUATION OF
THE BETTER WORK NICARAGUA PROJECT

Funded by the United States Department of Labor
Cooperative Agreement No. IL-21070-10-75-K

MARCH 2014
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This report describes in detail the midterm evaluation of the Better Work Nicaragua that was conducted between January 13 and February 21, 2014. 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.

Funding for this evaluation was provided by the United States Department of Labor under Task Order number DOLB129K34034. Points of view or opinions in this evaluation report do not necessarily reflect the views or policies of the United States Department of Labor, nor does the mention of trade names, commercial products, or organizations imply endorsement by the United States Government.
## LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>ACTEMP</td>
<td>ILO Bureau for Employers’ Activities</td>
</tr>
<tr>
<td>ACTRAV</td>
<td>ILO Bureau for Workers’ Activities</td>
</tr>
<tr>
<td>ANITEC</td>
<td>Asociación Nicaragüense de la Industria Textil y Confección, Nicaraguan Textile and Fabric Association</td>
</tr>
<tr>
<td>BW</td>
<td>Better Work</td>
</tr>
<tr>
<td>BWN</td>
<td>Better Work Nicaragua</td>
</tr>
<tr>
<td>CAT</td>
<td>Compliance Assessment Tool</td>
</tr>
<tr>
<td>CMEP</td>
<td>Comprehensive Monitoring and Evaluation Plan</td>
</tr>
<tr>
<td>CNZF</td>
<td>Comisión Nacional de la Zona Franca, National Commission of the Free Trade Zone</td>
</tr>
<tr>
<td>CST</td>
<td>Central Sandinista de Trabajadores, Sandinista Workers Central</td>
</tr>
<tr>
<td>CST-JBE</td>
<td>Confederación Sindical de Trabajadores José Benito Escobar, José Benito Escobar-Union Confederation of Workers</td>
</tr>
<tr>
<td>CTA</td>
<td>Chief Technical Advisor</td>
</tr>
<tr>
<td>CUS</td>
<td>Confederación de Unificación Sindical, Confederation of Union Unity</td>
</tr>
<tr>
<td>CUT</td>
<td>Confederación Unitaria de Trabajadores, United Confederation of Workers</td>
</tr>
<tr>
<td>EA</td>
<td>Enterprise Advisor</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
</tr>
<tr>
<td>ILS</td>
<td>International Labor Standards</td>
</tr>
<tr>
<td>IO</td>
<td>Intermediate Objective</td>
</tr>
<tr>
<td>LFA</td>
<td>Logical Framework Approach</td>
</tr>
<tr>
<td>MITRAB</td>
<td>Ministereo de Trabajo, Ministry of Labor</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MPG</td>
<td>Management Program Guidelines</td>
</tr>
<tr>
<td>NORMES</td>
<td>ILO Bureau for International Labor Standards</td>
</tr>
<tr>
<td>OSH</td>
<td>Occupational Safety and Health</td>
</tr>
<tr>
<td>PAC</td>
<td>Project Advisory Committee</td>
</tr>
<tr>
<td>PICC</td>
<td>Performance Implementation Compliance Committee</td>
</tr>
<tr>
<td>PMP</td>
<td>Performance Monitoring Plan</td>
</tr>
<tr>
<td>RBM</td>
<td>Results Based Management</td>
</tr>
<tr>
<td>STAR</td>
<td>Supply Chain Tracking Remediation Tool</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>USG</td>
<td>United States Government</td>
</tr>
<tr>
<td>USDOL</td>
<td>United States Department of Labor</td>
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</table>
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 (BWN). In September 2011, USDOL amended the Cooperative Agreement to provide an additional $2.5 million for Better Work (BW) activities in Nicaragua. The project’s duration and end date remained the same.

The project aims 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. BWN project has three intermediate objectives: (1) increased compliance with international labor standards 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 the apparel sector strategies.

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. The TPL is scheduled to expire in 2014 and it is not clear whether the US Congress will approve another round of the TPL for Nicaragua. If the TPL is not approved, ANITEC (Nicaraguan Textile and Fabric Association) estimates that production costs for garments could increase by 40%, which would cause many factories to relocate to Haiti or Asia. Given this scenario, some believe that BWN will have on the garment sector will be equally reduced while others believe BWN will be more relevant to Nicaragua’s competitiveness by ensuring the protection of workers’ rights.

The evaluation was conducted between January 13 and February 21, 2014. The evaluator reviewed project documents, developed data collection instruments, and prepared for the fieldwork during the week of January 13. Fieldwork was conducted in Nicaragua from January 20-31, 2014. The fieldwork culminated with a presentation and discussion of the preliminary findings with key project stakeholders. Additional interviews and the bulk of the data analysis and report writing occurred from February 3-21, 2014.

The evaluator interviewed 68 persons including 10 BWN managers, seven trade union representatives, four government officials, three employer association officials, 22 factory representatives, and seven brand representatives. These interviews account for 79% of the total interviews. The remaining interviews were conducted with USDOL managers, ILO technical advisors, US Embassy officials, workers and supervisors, and representatives from International Finance Corporation (IFC) and ProNicaragua. ProNicaragua is a non-government organization funded largely by the Government of Nicaragua and tasked with attracting foreign investment.

Findings and Conclusions

The findings and conclusions address the key questions listed in the terms of reference and are presented according to the major evaluation categories: project design, relevance and strategic fit, progress and effectiveness, efficiency and cost-effectiveness, project management, and impact and sustainability.
Project Design

The evaluator found that the BWN project design includes intermediate objectives and outputs, which do not fully meet the criteria of ILO’s Results Based Management (RBM) approach that both USDOL and ILO use. The development objective is written as a double goal and many of the project’s indicators do not meet RBM criteria. BW Global requires all BW projects to report on 35 indicators. Many of these indicators measure effect or outcome level changes and meet RBM criteria. However, there is very little overlap between the 35 indicators that BWN reports on to BW Global and the 14 indicators in the project’s performance monitoring plan.

Relevance and Strategic Fit

Central level stakeholders do not believe their needs and expectations are being met. They do not believe BWN is helping create new jobs or increase the number of contracts with the brands. They are also dissatisfied with the assessment scoring methodology and the Nicaragua compliance synthesis report, which they believe is damaging the country’s reputation in the apparel sector. Factories and brands are generally satisfied and value the BW core services. They believe they are helping address non-compliance issues.

Progress and Effectiveness

Twenty-three factories that employ 36,169 workers and 13 brands are currently participating in the BWN program. This represents approximately 51% of the factories, 55% of the workers, and 45% of the brands targeted by BWN. BWN is on track to achieve the majority of its indicator targets. The project has met or exceeded eight of the 14 indicator targets.

Central level stakeholders believe that BWN is not transparent and that they do not have access to important information regarding the compliance assessments and BWN interventions at the factory level. They also do not believe that they participate in the decision-making process. The factories are satisfied with their level of engagement including consultations, information sharing, and communication. The brands, on the other hand, would like to have more frequent and proactive communication and information from BWN.

BWN Core Services

The brands are satisfied with the quality of the compliance assessment reports. Initially, the factories were dissatisfied with the reports because non-compliance findings were based on the Ministry of Labor (MITRAB) and BWN interpretation of certain national labor laws that factories thought favored workers and were not consistent with judicial rulings. Under new leadership, MITRAB adjusted its interpretation of these “gray areas” to align them with the current interpretation by the MITRAB.

The Project Advisory Committee (PAC) does not agree with the compliance assessment scoring methodology, which they consider unfair to factories and inappropriate for the labor situation in Nicaragua. The PAC is requesting changes in the compliance assessment methodology as condition to remain in program. BW Global insists that the BW methodology and approach is standardized and cannot be adjusted.
The evaluator found that the enterprise advisors are providing high quality BW core services. The advisors are triangulating information from the assessments to appropriately and accurately assess non-compliance. They would benefit from more training on factory operations, communication, and facilitating the Performance Improvement Compliance Committees (PICCs). Efficiency would be increased if advisors used smart phones or tablets to enter and manage assessment data.

BWN has trained 2,028 persons in at least one of the following areas: inspection, life skills, PICC formation and improvement plans, emergencies, supervision, occupational health and safety, and trade union topics. Approximately 50% of the training participants have been women. It is not clear, however, what impact the trainings are having because the project does not have a mechanism in place to measure the all of the intended effects.

The PICCs are effective at promoting social dialogue in the factories between workers and managers. Initially, some factories were concerned that the PICCs would be used to promote and establish or grow trade unions. Factory management is generally satisfied with the PICCs and credits them for improving social dialogue and helping address the non-compliance points identified in the assessments.

The factories are making substantial progress in resolving non-compliance points. Combined, the 23 factories participating in BWN have resolved 234 of the 656 non-compliance points resulting in a compliance rate of 36%. Furthermore, the average non-compliance score for the six factories that have conducted the second assessment decreased from 36 to 13. It should be noted that BW Global uses a different methodology to calculate compliance rates that could account for a different compliance rates reported by BW Global.

The brands are satisfied with the quality of the compliance assessment reports and the BWN core services that are designed to help factories address non-compliance points. They believe that the reports accurately reflect compliance status in the factories. The brands especially appreciate BWN’s continuous improvement approach to compliance. Some brands, however, find the reports difficult to read and believe the six weeks that it takes BWN to produce them is too long.

**Efficiency**

BWN appears to be efficiently managed. BWN budget line items are generally in line with similar ILO implemented projects. The two exceptions are the BWN management and support team and training. The BWN team represents about 45% of the total budget, which seems high when compared to similar projects. The training line item, on the other hand, is only 5% of the budget. Interestingly, the entire training budget has been fully spent as of December 31, 2013.

BWN has spent 55% of its budget after 39 months or 65% of project implementation time. This represents an underspending of approximately 15% to 20%. BWN has 21 months or 35% of remaining project life to spend $2 million or 45% of the total budget.

**Project Management**

The BWN project staffing levels appear to be adequate for its current scope of activities. The exception might be the training unit, which seems inadequately staffed given the project’s ambitious training targets. If BWN increases the current number factories beyond six, the project will have to increase the number of enterprise advisors.
BWN staff are satisfied with internal communication and teamwork. Initially, communication problems surfaced between staff. To address the problem, the project hired a consultant to work with staff on communication skills, which appears to have been successful. The evaluator also found communication and collaboration between the project and BW Global and USDOL to be effective. However, communication and support between BWN and the ILO sub-regional office in San Jose is less effective.

**Impact and Sustainability**

The most tangible impact the project is having is on cost savings realized from fewer audits. Factories report cost savings of between $5,000 and $12,000 since participating in BWN. The improvements in labor compliance suggest that conditions at the factories are improving, which is another tangible impact. However, there is no evidence that BWN is contributing to an increase in new contracts/orders and employment as initially envisioned.

The project is generating revenue from the fees that factories are paying to participate in the program and from selling compliance reports to the brands. The revenue represents only a fraction of what is required to sustain the BWN program. Sustainability is a function of lowering costs and increasing revenue, which is predicated on three strategies: decreasing the cost structure; increasing the number of factories and brands participating in the program; and increasing the pricing for membership and compliance reports.

Any notion of sustaining BWN by embedding it in MITRAB or the tripartite commission would not be acceptable to the brands. The brands are concerned that it would be difficult for the tripartite commission to conduct compliance assessments and produce reports that are truly objective and independent. They believe the tripartite commission’s interest in protecting the sector’s reputation in Nicaragua and attracting new investment could make it difficult for them to disclose non-compliance in factories.

**Recommendations**

1. **BWN** should consult BW Global and, together, define an engagement strategy with the tripartite commission, which also serves as the PAC. Given the current situation, the PAC is not an effective advisory body and the BWN management team is spending significant time and effort trying to manage its relationship with the PAC.

2. **BW Global** should organize high-level meetings with the Government of Nicaragua to discuss and agree on the future direction of BWN. The meeting should include General Álvaro Baltodano, Delegate for Investment in Nicaragua. The leadership of the tripartite commission, factories, and brands should also participate in the meetings.

3. **BWN** should increase its efforts to engage stakeholders, especially the PAC members and brands. Increased stakeholder engagement should be driven by a focus on bilateral discussions and information sharing with clearly agreed parameters.

4. **BWN** should develop a communication strategy based on formative research. The strategy should be designed to communicate the purpose and approach of BW, the reasons for the BW approach to compliance, and BWN activities and achievements.
5. BWN should focus its efforts on labor compliance interventions that have causal relationships to increased productivity and efficiency. As BWN begins to measure increases in productivity, efficiency, and possibly quality control, the results can be incorporated into the communication strategy described under Recommendation #3.

6. BWN and BW Global should develop a strategy to increase the number of brands participating in the BWN program. The strategy might also include strong incentives for factory participation such as additional tax breaks, streamlined license approvals and other paperwork requirements, IFC financing and technical assistance, and training funds from the National Technology Institute. These incentives would require the involvement of the Government of Nicaragua.

7. BWN should work closely with USDOL and BW Global to revise the intermediate objectives, indicators, and outputs so they meet RBM criteria. To the extent possible and appropriate, the BW Global indicators should be incorporated into the project’s redesign. BWN is in the process of revising its project document, which should provide an excellent opportunity to adjust the objectives, outputs, and indicators.

8. BW Global should consider revising the compliance report format to include an executive summary that highlights key findings. BW Global should also consider incorporating a section in the compliance reports that credits factories for addressing non-compliance issues.

9. BWN should ensure that its capacity building activities (i.e. training) are assessed and measured to determine their effect and eventual impact.

10. BWN and BW Global should develop a contingency plan that assumes that TPL will not be renewed. If, based on the contingency plan, BW Global determines that it is intent on sustaining the BW model; BWN should commission a sustainability study that identifies alternative sustainability models, governance structures, and financial viability plans. The sustainability plan should be developed and implementation started before the last year of the project so project funds can be used to make the transition.
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.

Better Work (BW) is a global collaborative arrangement between ILO and the International Finance Corporation (IFC) that is intended to assist garment sector enterprises 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 Cambodia, Vietnam, Haiti, Indonesia, Jordan, Lesotho, and Nicaragua.

The project’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 project’s intermediate objectives and their outputs are summarized in the following table.

<table>
<thead>
<tr>
<th>Intermediate Objectives and Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>IO 1: Increased compliance with national labor law and with international labor standards in the Nicaraguan apparel sector</td>
</tr>
<tr>
<td>1. Assessment tools adapted and tested</td>
</tr>
<tr>
<td>2. Enterprise Assessment Reports are available</td>
</tr>
<tr>
<td>3. Training, resources, and tools to support remediation are available</td>
</tr>
<tr>
<td>4. Improvement process based on assessment reports in place and ongoing</td>
</tr>
<tr>
<td>IO 2: Sustainable access to BW tools and approaches after 2014</td>
</tr>
<tr>
<td>1. Establishment of policy framework for institutional cooperation with the MOL</td>
</tr>
<tr>
<td>2. Governance and consultative structure for BWN are in place and functioning</td>
</tr>
<tr>
<td>3. Capacity of tripartite constituents to support the project is enhanced</td>
</tr>
<tr>
<td>4. STAR is operational in Nicaragua</td>
</tr>
<tr>
<td>5. A communication and marketing strategy is designed</td>
</tr>
</tbody>
</table>
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

1. Assess the need of reviewing national labor legislation to address gaps identified through assessments
2. M&E tools are adapted and implemented to track and document lessons learned
3. A survey to explore the possibility of extension of the BW program to neighboring countries is available

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 intends to achieve important outcomes for workers, enterprises, and the textile and apparel sector in general. These effects are summarized below in Table 2.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Anticipated Outcomes</th>
</tr>
</thead>
</table>
| Workers | Better protection of labor rights  
Better working conditions  
Positive impact on livelihoods and families |
| Enterprises | Increased production and quality  
Cost saving due to reduction in duplicative auditing  
Increase access to international markets  
Improved relationships with international buyers |
| Textile and Apparel Sector | Better positioning and development of the sector  
Increased exports  
Increased employment  
Positive social and human development impacts |

According to the BWN project document, the project intends to use a comprehensive monitoring and evaluation framework to rigorously measure these anticipated outcomes. Monitoring and evaluation is discussed in more detail under the findings for project design.

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 TLP, which allows preferential access to the US market for clothing made with Asian fabric or yarn. This is one of the reasons why Nicaragua has seen more export growth from CAFTA-DR than the other signatory countries.

The TPL is scheduled to expire in 2014 and it is not clear whether the US Congress will approve another round of the TPL for Nicaragua. Several USDOL representatives expressed doubt whether the TPL will be renewed. On the other hand, ANITEC (Nicaraguan Textile and Fabric Association) and several factory owners believe that some form of TPL will be approved. If the TPL is not approved, ANITEC estimates that production costs for garments could increase by 40%, which would cause many factories to relocate to Haiti or Asia. Some believe that if the TPL is not approved and a significant number of factories
relocate to other countries, the impact that BWN will have on the Nicaragua garment sector will be equally reduced. Others, however, believe that BWN will be more relevant to Nicaragua’s competitiveness by ensuring the protection of workers’ rights.
II EVALUATION PURPOSE AND METHODOLOGY

2.1. Evaluation Purpose

The overall purpose of the BWN midterm 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 sustainability options in light of the strong possibility that the US Congress will not approve the Trade Preference Levels (TPL) for Nicaragua when they expire towards the end of 2014.

USDOL and ILO developed a set of questions to guide the evaluation. The questions address key issues in (1) validity of the project design and its relevance 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; and (6) impact orientation and 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 January 13 and February 21, 2014. The evaluator reviewed project documents, developed data collection instruments, and prepared for the fieldwork during the week of January 13. Fieldwork was conducted in Nicaragua from January 20-31. The fieldwork culminated with a presentation and discussion of the preliminary findings with key project stakeholders on January 31. The bulk of the data analysis and report writing occurred from February 3-21. The complete schedule of evaluation activities appears in the TOR Annex A.

Data Collection and Analysis. As noted previously, USDOL and ILO 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 project documents and other reference publications. These documents included the cooperative agreement, project document, technical progress reports, BWN 1st synthesis report, the compliance assessment tool, and a sample of enterprise level reports. Annex C shows the complete list of documents that were reviewed.
• Key Informant Interviews. The evaluator conducted 37 individual and group interviews with USDOL, ILO, the BWN management team, the labor ministry, trade unions, employer associations, factories,
workers, and buyers. The evaluator also interviewed the United States (US) political and economic officers as well as IFC’s point person for BW in Nicaragua. 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 3 summarizes the populations interviewed, the interviewing methodology, the sample size, and characteristics of the sample.

<table>
<thead>
<tr>
<th>Population</th>
<th>Method</th>
<th>Sample Size</th>
<th>Sample Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>USDOL</td>
<td>Individual interview</td>
<td>2</td>
<td>Project managers</td>
</tr>
<tr>
<td>ILO officials</td>
<td>Individual interviews</td>
<td>6</td>
<td>BW Global, ACTRAV, and ACTEMP representatives</td>
</tr>
<tr>
<td>BWN staff</td>
<td>Individual interviews</td>
<td>10</td>
<td>BWN management and technical teams</td>
</tr>
<tr>
<td>Government officials</td>
<td>Individual Interviews</td>
<td>3</td>
<td>MITRA, CNFZ</td>
</tr>
<tr>
<td>Trade union officials</td>
<td>Group interviews</td>
<td>7</td>
<td>CUS, CUT</td>
</tr>
<tr>
<td>Employer associations</td>
<td>Individual interviews</td>
<td>3</td>
<td>ANITEC and COSEP</td>
</tr>
<tr>
<td>Factories</td>
<td>Individual interviews</td>
<td>22</td>
<td>Sample of 9 participating factories</td>
</tr>
<tr>
<td>Brands</td>
<td>Individual interviews</td>
<td>7</td>
<td>Walmart, Target, Adidas, GAP, and PVH</td>
</tr>
<tr>
<td>Workers and supervisors</td>
<td>Group interviews</td>
<td>5</td>
<td>Sample of PICCs</td>
</tr>
<tr>
<td>US Embassy officials</td>
<td>Individual Interviews</td>
<td>2</td>
<td>Political and economic officers</td>
</tr>
<tr>
<td>Other stakeholders</td>
<td>Individual Interviews</td>
<td>2</td>
<td>IFC, ProNicaragua</td>
</tr>
<tr>
<td><strong>Total Interviews</strong></td>
<td></td>
<td>69</td>
<td></td>
</tr>
</tbody>
</table>

The evaluator interviewed 69 persons including 10 BWN managers, seven trade union representatives, three government officials, three employer association officials, 22 factory representatives, and seven brand representatives. These interviews account for 75% of the total interviews. The remaining interviews were conducted with USDOL managers, ILO technical advisors, US Embassy political and economic officers, workers and supervisors, and representatives from International Finance Corporation (IFC) and ProNicaragua.

**Limitations.** The scope of the evaluation specifies two weeks of fieldwork, which was not enough time to visit the 23 factories that are participating in the project. The evaluator selected a purposive sample of nine 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 23 factories participating in BWN, the views and experiences of the 16 factories not included in the sample are not represented in the evaluation.

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.
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, relevance and strategic fit, progress and effectiveness, BWN core services, efficiency, project management, and impact orientation and sustainability.

3.1 PROJECT DESIGN

This section addresses issues related to the project. It begins with an assessment of the project design’s internal logical consistency (i.e. cause and effect logic) between the outputs, intermediate objectives, and overall project objective or goal. This section also reviews and discusses the project’s monitoring and evaluation (M&E) system including the appropriateness and effectiveness of the indicators.

3.1.1 Project Design’s Internal Logical Consistency

ILO uses results-based management (RBM) that is based largely on the Logical Framework Approach (LFA). ILO’s RBM is used in this section to test the logical integrity of the project design. The analysis begins with an overview of the RBM and is followed by the analysis of the design’s logic.

The LFA requires programmers to develop a logical sequence of cause-and-effect events that include the goal, purpose, outputs, activities, and inputs. The ILO’s RBM approach uses the same cause and effect logic to organize the goal or development objective, immediate objectives, outputs, and indicators. ILO refers to the goal as the development objective, which is the higher aspiration that the project’s intermediate objectives contribute to but are not expected to attain. The intermediate objectives are the outcomes or results (policies, knowledge, skills, behaviors or practices) that managers are expected to accomplish. The intermediate objectives should make a significant contribution to the project’s development objective. The outputs, on the other hand, are the specific products, services, or systems that achieve the outcomes or intermediate objectives and are achieved by implementing activities.

A project’s logic model is the cause and effect relationship of the activities, outputs, outcomes, and the intended impact. Table 4 provides an analysis of the project’s logic model by assessing the development objective, intermediate objectives, and outputs against the criteria in the ILO’s RBM approach.

<table>
<thead>
<tr>
<th>Development Objective</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce poverty in Nicaragua by increasing decent work opportunities in the apparel sector</td>
<td>The development objective is written as a double goal. It aims to reduce poverty by increasing employment. Reducing poverty is one goal and increasing employment is another. While it meets the RBM and LFA criteria of addressing a condition that is negatively affecting the target population, it should be rewritten to address one condition. The most appropriate would be employment that fits with the ILO’s decent work agenda.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intermediate Objectives</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>IO 1. Increased compliance with national labor law and with international labor standards in the Nicaraguan apparel sector</td>
<td>According to the RBM criteria, intermediate objectives should be written as changes in policies, behavior, skills, or practices that contribute to the development objective. Increased compliance with labor norms and laws requires changes in behaviors and practices. However, the causal link between increased compliance and employment and poverty reduction is weak.</td>
</tr>
</tbody>
</table>
3.1.2. The Project’s M&E Systems

The project collects and reports data into three distinct M&E systems. These include the BW Global M&E system, the BWN project performance monitoring plan (PMP), and the global impact assessment. 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 logframe, specifically its intermediate objectives. The BW global impact assessment, which is being implemented by Tufts University, aims to measure the impact BW programs are having on labor compliance, workers’ lives, and broader social and economic conditions. The impact assessment tool contains a set of standardized questions as well as questions that have been adjusted for specific countries.

The evaluator reviewed the three M&E systems and discovered that they are not well aligned. For example, only four of the BW Global M&E system indicators are included in the project’s PMP. There is
even less alignment with the impact assessment, which is designed to ascertain production, sales, and revenue data from enterprises and a combination of workplace and livelihood information from workers. The impact assessment does not, however, gather information on labor compliance issues. The project intends to revise the project document in 2014 and address the misalignment of the indicators described above.

3.1.3. The Performance Monitoring Plan

The project document includes the PMP that lists the intermediate objectives and the corresponding outputs for each objective as well as their indicators. The PMP does not list output indicators or targets. It lists six indicators including one for IO 1, four for IO 2, and one for IO 3. The BW Chief Technical Advisor (CTA) told the evaluator that, in consultation with the BW M&E advisor in Geneva, the indicators have been modified since the inception of the project. The project currently is using 14 indicators, which are listed and analyzed below in Table 5. The analysis includes an assessment of the effectiveness and appropriateness of the indicators in measuring the corresponding intermediate objective and suggestions for improvements. Improvements to the indicators are also addressed in the recommendations section.

### Table 5: Assessment of Project Indicators

<table>
<thead>
<tr>
<th>IO 1. Increased compliance with national labor law and with international labor standards in the Nicaraguan apparel sector</th>
<th>Indicators</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Baseline compliance synthesis report is available</td>
<td>Indicators 1 and 2 are actually outputs and would better serve the M&amp;E system to list them as such. These are products required to achieve the intermediate objective (cause and effect linkage). Indicators, on the other hand, should reflect achievement of the objective. Indicator 3 accomplishes this by measuring average factory compliance. However, the actual measure and its calculation is not clear nor has it been reported on in the TPRs.</td>
<td></td>
</tr>
<tr>
<td>2) Number of compliance assessment reports completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Average factory compliance effort</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IO 2. Sustainable access to BW tools and approaches after 2014</th>
<th>Indicators</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) MOU with Ministry of Labor</td>
<td>Indicators 1, 2, 3, 4, 5, and 8 are either activity targets or outputs. While these are important steps to achieving the intermediate objective, they do not qualify as indicators because they do not measure sustainable access to BW tools and approaches. Indicators 6 and 7 are designed to measure the purchase of reports, which provide a revenue stream that can be used to offset operational costs and eventually sustain the BWN program. However, these indicators would serve the project better if they were stated in terms of revenue targets required to pay for operations or a percentage of the cost of operations (i.e. 100%, 80%, 50% etc.). In addition to a more precise financial viability indicator, the current list of indicators do not include other important elements of sustainability such as support from the key stakeholders to sustain the program once funding ends or the kind of BW structure that should be in place to continue providing independent and objective assessments and other advisory services. These indicators should reflect a demonstrated commitment from the stakeholders to continue BW and a functioning BW mechanism (i.e. existing organization or establishing a NGO or foundation).</td>
<td></td>
</tr>
<tr>
<td>2) Number of joint activities implemented with the MoL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Frequency of Project Advisory Committee meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) Number of capacity building activities with tripartite constituents by BW or its partners to strengthen their engagement with the program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) Number of buyers’ forum organized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) Number of buyers that are purchasing reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7) Number of factory reports purchased by buyers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8) Sustainability plan is available</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>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</th>
<th>Indicators</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Baseline survey on impact assessment is available</td>
<td>Indicators 1 and 3 are outputs. They are products necessary to achieving the intermediate objective but are not designed as measures of integrating lessons and regulatory gaps into government policies or sector strategies. Indicator 2 is written as an indicator in the sense that it aims to measure whether the findings from impact assessments are integrated into strategies. However, it is not clear how the project intends to identify and measure the evidence. The project’s M&amp;E system would benefit from a reformulation of this indicator so it more accurately measures if and how findings are integrated into policy and strategy.</td>
<td></td>
</tr>
<tr>
<td>2) Evidence that findings from impact assessments are integrated in program strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) A sub-regional meeting to present results of program is held</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The project document mentions that BWN intended to consult ILO Geneva to incorporate elements of the comprehensive monitoring and evaluation plan (CMEP). The CMEP requires rigorous M&E elements such as the project’s logic model, an extensive performance monitoring plan, and a detailed data collection matrix. The CMEP requires projects to define indicators and explain how the indicators will be measured. The evaluator believes this level of rigor would have increased the effectiveness of the project’s M&E system including data collection and reporting on indicator targets.

The ILO-USDOL Management Program Guidelines (MPG) requires the project to submit technical progress reports (TPRs) every three months. However, the project does not include reports on indicator progress. BWN provides indicator-tracking information to the BW M&E in Geneva who prepares and submits indicator-tracking reports every six months to USDOL. Project reporting is discussed in more detail under the project management section.

3.2. Relevance and Strategic Fit

One of the evaluation questions asks whether the project is consistent with the needs of key stakeholders and whether their needs have changed since the beginning of the project. This section provides a short overview of the stakeholders and examines their needs and expectations.

3.2.1. Overview of Key Stakeholders

The project is committed to collaborating with a range of key stakeholders including the government, trade unions, the apparel and textile factories, and buyers. The project formed the project advisory committee (PAC) that is responsible for providing guidance and advice to BWN. The PAC consists of the key stakeholders noted above except the buyers. Table 6 provides an overview of the key stakeholders and their roles and responsibilities within the BWN project framework.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>MITRAB</td>
<td>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.</td>
</tr>
<tr>
<td>CNZF</td>
<td>CNZF (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.</td>
</tr>
<tr>
<td>ANITEC</td>
<td>ANITEC has a membership of approximately 23 factories of which 10 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.</td>
</tr>
<tr>
<td>Central Sandinista de Trabajadores (CST) Confederación Sindical de Trabajadores José Benito Escobar (CST-JBE)</td>
<td>These four trade union confederations are members of the PAC. They 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.</td>
</tr>
</tbody>
</table>
### 3.2.2. Stakeholders’ Needs and Expectations

The evaluator met with the stakeholders individually to discuss whether BWN was meeting their needs and fulfilling their expectations. The interviews revealed a significant difference in the expectations and perceptions between the central level stakeholders that comprise the PAC and the operational level stakeholders consisting of the enterprises and brands.

The central level stakeholders consist of MITRAB, CNZF, ANITEC, CUS, CUT, CST, and CSJ-JBE. These stakeholders form the advisory committee and are responsible for providing strategic guidance, advice, and support for BWN interventions at the enterprise level. It is worth mentioning that the relationship between these stakeholders is unique in Nicaragua. In many countries, relationships between labor ministries, employers, and the trade unions are strained. This was also the case in Nicaragua until 2008 when these three sectors signed an agreement committing them to establish a tripartite commission to resolve conflicts in the free trade zones through social dialogue. The aim of the tripartite agreement is to create labor stability and increase productivity in the free trade zones.

In general, the central level stakeholders do not believe their needs and expectations of the BWN program are being met. During interviews, stakeholders lodged a variety of complaints about the BWN program that, to the surprise of the evaluator, were largely consistent. These stakeholders do not believe the BWN is helping to create new jobs or to increase the number of contracts with the brands, which they say were the main selling points that the ILO made during the presentation of the BW program. The issue of job creation and contracts are discussed in more detail under the progress and effectiveness section and again under the impact orientation and sustainability section.

Another major complaint expressed by the stakeholders was the BWN compliance synthesis report. BW Global publishes an annual report for each country participating in BW on its website. The country level report synthesizes the compliance results for each enterprise participating in BW. The compliance areas include four that relate to international labor standards (ILS) and four that related to national labor
codes and laws. The report identified non-compliance issues in discrimination; occupational safety and health (OSH); contracts and human resources; and freedom of association.

The central level stakeholders expressed concern about the report saying that it did not accurately reflect the labor situation in Nicaragua and that its negative focus placed it in the company of countries that have a reputation for labor rights violations such as Cambodia, Vietnam, Indonesia, Bangladesh, and Haiti. The stakeholders commented that not only was it embarrassing to be compared to these countries, but the synthesis report could brand the country as a labor rights violator and jeopardize existing and future contracts with buyers. The stakeholders also commented that the BW assessment tool and the rating methodology are not appropriate for Nicaragua. This is discussed in more detail in the effectiveness of BW services section.

In addition to the complaints about the lack of job creation, new contracts, and the annual compliance synthesis report, the stakeholders said that they do not actively participate in the PAC, are not involved in decision-making, and have minimal access to information about BW interventions at the enterprise level. One central level trade union leader told the evaluator, “If someone asked me what BW is and what it does, I would not know what to say.”

The factories and brands, on the other hand, expressed a completely different point of view. The majority of the factories that were interviewed commented that their participation in the BWN program was meeting their needs and expectations. Despite disagreements with the interpretation of some non-compliance points, the factories believe the BW services aimed at helping them address non-compliance points are valuable and effective. They expressed special appreciation for the training and support that BWN is providing to the PICCs. A human resource manager at one factory told the evaluator that ANITEC and a couple of factories believe that BWN is damaging the reputation of the sector. He said he did not agree but suggested that BWN take steps to change these negative perceptions. He added, “BWN should sell the merits on increases in efficiency and productivity instead of increases in contracts and employment.”

It should be noted that the BW program in Nicaragua is considered voluntary because there is not a mechanism mandating factories to participate. However, some brands require their suppliers to participate in BWN while others strongly encourage it. The brands that were interviewed expressed satisfaction with their participation in BWN. In general, the brands believe the assessment reports are high quality and accurate. They also expressed their appreciation for the BW approach to the continuous improvement process, which they believe makes BW a more effective methodology than traditional compliance audits. Several brands opined that the level and frequency of communication and information sharing could improve. This is discussed in more detail under the BW core services section.

3.3. **Progress and Effectiveness**

This section examines the progress the project is making to achieve its objectives and indicator targets. It also examines the effectiveness of stakeholder engagement and specifically addresses the project’s relationship with the PAC.

3.3.1. An Overview of Project Progress

Table 7 provides a snapshot of BWN’s achievement through January 2014. BWN has identified 45 apparel and textile factories operating in the free trade zones. Of these, the project has managed to
convince 23 to participate in BWN, which represents 51% of the total. The 23 participating factories employ 36,169 or approximately 55% 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 13 brands to participate in the BWN program, which represents 45% of the targeted brands. In general, after three years of implementation, BWN has managed to reach about half of the targeted factories, workers, and brands.

Table 7: Snapshot of Achievements

<table>
<thead>
<tr>
<th>Target Groups</th>
<th>Target</th>
<th>Actual</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating factories</td>
<td>45</td>
<td>23</td>
<td>51%</td>
</tr>
<tr>
<td>Textile workers benefiting</td>
<td>65,592</td>
<td>36,169</td>
<td>55%</td>
</tr>
<tr>
<td>Participating brands</td>
<td>29</td>
<td>13</td>
<td>45%</td>
</tr>
</tbody>
</table>

Figure 1 shows the number of factories participating in BWN by quarter since the inception of the project according to the TPRs. BWN recruited and enrolled the first group of seven factories during the first quarter in 2012. By the end of 2012, the project increased the number of factories participating in the program to 17, which represents the largest increase in the number of factories participating.

![Figure 1: Factories Participating in BWN by Quarter](image)

During 2013, factory participation increased from 17 to 21 during the first quarter and from 21 to 25 during the third quarter. Twenty-five is the largest number of factories that have participated in BWN to date. The number decreased to 24 during the fourth quarter in 2013. At the time of the evaluation, there were 23 factories participating in BWN.

3.3.2. Achievement of the Project’s Indicator Targets

Table 8 shows the indicator targets and the progress the project has made in achieving the targets for the period January 2011 to December 2013. The table includes the indicator target, the actual achievement, and a short analysis of the progress in achieving the targets.

Table 8: Progress on Achieving Project Indicator Targets

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Target</th>
<th>Actual</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline compliance synthesis report is available</td>
<td>2</td>
<td>1</td>
<td>The project planned to conduct and publish two synthesis reports by December 2013. To date, one report has been</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Number of compliance assessment reports completed</strong></td>
<td>62</td>
<td>66</td>
<td>The project planned to produce 62 reports. According to the PMP, the project has produced 66. However, the CTA reported that 44 compliance assessment reports were purchased by the brands.</td>
</tr>
<tr>
<td><strong>Average factory compliance effort</strong></td>
<td>NA</td>
<td>NA</td>
<td>The project has not established an indicator target for average factory compliance. This evaluation has established an average factory compliance rate of 36%. It is not clear what the project had planned to achieve by December 2013.</td>
</tr>
<tr>
<td><strong>MOU with Ministry of Labor is endorsed</strong></td>
<td>2</td>
<td>1</td>
<td>The project intended to have two MOUs with MITRAB signed by the end of December 2013. To date, one MOU is in place focused on capacity building for inspectors. The project has also signed a protocol with MITRAB on “zero tolerance” during assessments (child labor or life threatening work conditions).</td>
</tr>
<tr>
<td><strong>Number of joint activities implemented with the MoL</strong></td>
<td>2</td>
<td>4</td>
<td>The project has conducted four trainings for the MITRAB inspectors. The project has also conducted two OSH days at the factories.</td>
</tr>
<tr>
<td><strong>Frequency of Project Advisory Committee (PAC) meetings</strong></td>
<td>6</td>
<td>5</td>
<td>The project planned to hold six PAC meetings. According to the PMP report for December 2014, five meeting were conducted. However, the CTA informed the evaluator that the number of PAC meeting is actually eight.</td>
</tr>
<tr>
<td><strong>Number of capacity building activities with tripartite constituents by BW or its partners to strengthen their engagement with the program</strong></td>
<td>32</td>
<td>30</td>
<td>BWN planned to conduct 32 trainings by the end of December 2013. It has conducted 30.</td>
</tr>
<tr>
<td><strong>Number of buyers’ forum organized</strong></td>
<td>3</td>
<td>3</td>
<td>The project planned three buyer’s forum and has organized all three as planned.</td>
</tr>
<tr>
<td><strong>Number of buyers that are purchasing reports</strong></td>
<td>31</td>
<td>39</td>
<td>There appears to be an error with the indicator. The indicator target states that 31 buyers will purchase reports while the PMP reported that 39 buyers purchased reports. However, there are only 13 buyers currently participating in BWN.</td>
</tr>
<tr>
<td><strong>Number of factory reports purchased by buyers</strong></td>
<td>115</td>
<td>132</td>
<td>BWN has sold 132 compliance assessment and progress reports to brands as of December 31, 2013, which exceeds the target by 17 reports.</td>
</tr>
<tr>
<td><strong>Sustainability plan is available</strong></td>
<td>1</td>
<td>0</td>
<td>The project has not yet developed its sustainability plan as specified in the workplan.</td>
</tr>
<tr>
<td><strong>Baseline survey on impact assessment is available</strong></td>
<td>2</td>
<td>2</td>
<td>Tufts University, under contract with BW Global, conducted the baseline survey for the impact assessment. The survey consisted of a component for workers and another for employers.</td>
</tr>
<tr>
<td><strong>Evidence that findings from impact assessments are integrated in program strategy</strong></td>
<td>1</td>
<td>0</td>
<td>The findings from the impact assessment have not yet been integrated into BWN.</td>
</tr>
<tr>
<td><strong>A sub-regional meeting to present results of program is held</strong></td>
<td>0</td>
<td>0</td>
<td>The sub-regional meeting is planned for June 2015.</td>
</tr>
</tbody>
</table>

The project is on track to achieving its current set of indicator targets. The analysis shows that BWN is meeting or exceeding seven of the 14 indicators including the number of buyers purchasing the reports,
and the total number of reports purchased by buyers. The project intended to produce and sell 62 assessment reports to brands by the end of December 2014. The PMP reported that the project produced 66 while the CTA reported 44. The true amounts should be confirmed and the PMP adjusted accordingly. Of the indicator targets not met, the two most critical are the sustainability plan and incorporation of the impact assessment findings into BWN.

3.3.2. Effectiveness of Stakeholder Engagement

The effectiveness of the project’s engagement with its key stakeholders was briefly discussed in Section 3.2 under the needs and expectations of stakeholders. As noted previously, the effectiveness of stakeholder engagement differs considerably between the central level stakeholders and the factories and brands. The factories that were interviewed expressed a high level of satisfaction with the level of support they receive from the project and the frequency and quality of communication. The general manager of one factory told the evaluator that BWN communicates with him frequently to request or provide information. The compliance manager of another factory commented that the communication flow from BWN is very good. She went on to say, “If there have been any weaknesses in communication, it is our fault. We are sometimes slow to respond to questions and requests for information.”

While the brands that were interviewed also expressed satisfaction with their level of engagement with the project, several commented that they would like to have more frequent updates from BWN on the progress factories are making to address non-compliance points. Managers from one large brand told the evaluator that after they receive the assessment report, they do not receive information from BWN on the progress their factories are making to resolve the non-compliance points. Two other compliance managers explained that they would like to have real time information from BWN on labor issues that are trending in their factories. Overall, the brands would like BWN to be more proactive in communicating with them.

The project’s central level stakeholders consist of the labor ministry, the government commission overseeing investment in the free trade zones, the association representing some of the textile factories, and four of the largest trade union centrals with members operating in the free trade zones. These stakeholders also sit on the project’s advisory committee and are responsible for providing strategic guidance and advice on issues related to their areas of expertise and responsibility. The project meets with the PAC at least twice per year.

As discussed previously, the PAC members are not satisfied with their level of participation in the project. One trade union representative told the evaluator that PAC meetings largely consist of presentations and that the PAC members are not involved in decision-making. Another trade union representative commented that he does not receive information about the assessments, the results, and the training the project is providing to his affiliates. The representative of ANITEC told the evaluator that he receives minimal information about factory level BWN interventions. He went on to say that, in his opinion, BWN is anything but transparent. Both ANITEC and trade union representatives commented that BWN should learn how to more effectively engage the PAC and use them to further the objectives of the project.

Another issue mentioned frequently by the PAC members is the relationship between PAC and the Free Trade Zone Tripartite Commission, comprised of essentially the same organizations and agencies. They believe that the PAC should be integrated into the Commission instead of operating as a stand-alone committee. In fact, the president of ANITEC went as far as to say that BWN should operate under the
supervision of the Commission. When probed further on the relationship of PAC to the Commission, the CNZF representatives told the evaluator that BWN should be available as a tool that the Commission can use to attract investment and create new jobs, which is a priority for the Nicaragua government.

Apparently, ANITEC has withdrawn from the PAC. On December 10, 2013, the president of ANITEC sent a letter to BWN expressing concern about how non-compliance points are calculated and the interpretation of national laws, especially the requirement that at least 2% of an enterprise’s workforce be comprised of people with disabilities. He also expressed concern about the low number of brands participating in BWN. The letter concludes by stating that ANITEC has decided to withdraw from the BWN program until its concerns are satisfactorily addressed. The executive director of ANITEC told the evaluator three conditions would have to be met in order for the association to continue participating. These included changing the non-compliance scoring methodology, focusing more interventions on productivity, and increasing the number of brands participating in BWN.

In addition to the changes requested by ANITEC, the other PAC members identified several conditions during the evaluation stakeholder meeting that BWN would have to meet in order for them to stay engaged in the program. These include changing the compliance assessment methodology that, according to PAC members, is not accurate and unfairly compares Nicaragua to countries like Cambodia and Bangladesh where labor rights are much greater concerns. The PAC members believe that the methodology should be adjusted for the specific labor environment in Nicaragua. The other conditions include integrating BWN and the PAC into the tripartite commission, providing more information about enterprise level interventions, and increasing the level of participation in decision-making. MITRAB’s vice minister overseeing the free trade zone areas ended the evaluation stakeholder meeting by stating that he intended to send a letter to Mr. Dan Rees expressing the concerns of the tripartite commission and listing the conditions that BW would have to meet in order for it to remain engaged in the program.

3.4. Better Work Core Services

The TOR includes a variety of questions regarding the quality of BW core services. In response to the TOR, this section provides an overview of the BW core services and examines the effectiveness of the BW enterprise advisors (EA), BW training services, and the PICCs. This section also provides an overview of the progress factories have made in addressing non-compliance issues and a discussion regarding the opinions of the buyers.

3.4.1. Better Work Advisory Services

The BW advisory services consist of a sequence of steps that begin with the compliance assessment, which is followed by an improvement plan, technical assistance, and training. The specific steps in the BW advisory services cycle are described below.

First Compliance Assessment. The first compliance assessment identifies non-compliance issues and establishes a baseline for the enterprise. A compliance report is generated based on the results of the assessment and discussed with the enterprise. The enterprise is given seven days to respond to the report. The report is finalized and sent to the corresponding brands.

PICCs. Once the compliance assessment report is completed, the PICCs are established. BWN provides training on how to form the committees, which consist of six worker representatives and six management representatives. Where trade unions exist, the affiliates typically represent workers on the
committee. If unions do not exist, BW helps the workers conduct elections to select worker representatives.

Improvement Plans. One of the principle tasks of the PICCs is to develop an improvement plan based on the results of the compliance assessment. The committee is tasked with monitoring the implementation of the plan as well as the progress that the enterprise is making to address the non-compliance issues.

Training. Based on the improvement plan, BWN provides a range of trainings to the PICCs, management, supervisors, and workers. The training consists of life skills, supervision, workplace skills, emergencies, and other workshops. Training is discussed in more detail below.

Progress Reports. The advisory services cycle consists of two progress reports and a self-evaluation conducted by the enterprise. The BWN progress reports are produced during the fifth and eleventh months while the enterprise self evaluation is conducted during the tenth month. The progress reports provide snapshots of the progress the factories are making to address non-compliance issues.

Second Compliance Assessment. The cycle ends in the twelfth month with a second compliance assessment. Like the first assessment, the second identifies non-compliance issues that are discussed with the enterprise and used to generate the second compliance assessment report that is sent to the corresponding brands.

3.4.2. Compliance Assessments

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 276 questions on the CAT that required 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 BWN enterprise advisors administers the CAT over a two-day period. The compliance assessments are unannounced.

The scoring methodology has generated a considerable amount of controversy. According to the PAC members, they endorsed the questions in the CAT but did not endorse the methodology for calculating non-compliance. Many of the enterprise representatives also voiced concern. The controversy stems from how non-compliance points are counted. As noted above, each of the eight sub-categories consists of three to eight compliance points. If the assessment identifies one non-compliance point, the enterprise receives a non-compliance rating for the entire sub-category. For example, if a worker were observed as not using personal protective gear, the enterprise would receive non-compliance for the entire OSH sub-category even if the other seven points were in compliance. The PAC members and many of the factories believe the scoring methodology is neither accurate nor fair to the enterprises. As noted previously, the PAC members have identified changing the assessment methodology as one of the conditions for them remaining engaged in BWN.

The PAC members and several factory managers raised another issue related to the scoring methodology. It has to do with how BWN interprets national labor law that they referred to as gray areas. BWN uses MITRAB’s criteria and interpretation of national labor law. Representatives from ANITEC and two factories told the evaluator that MITRAB’s interpretation and rulings generally favored workers. When MITRAB’s rulings were challenged in the courts, the factories often won the case. They
further explained that the BWN scoring methodology is flawed because it uses MITRAB’s criteria and interpretation that has proven to be wrong by judicial decisions. The interviewees mentioned several gray areas that generated substantial disagreement with how they were scored. These include hiring requirement for people with disabilities, continuous workday, maternity and medical leave, proportional severance pay, annual leave, and time off for nursing.

Some of the PAC members and most of the factories acknowledged that controversy surrounding the interpretation of national labor legislation has improved for a couple of reasons. First, the labor minister who was accused by some employers of favoring workers was replaced in late 2012. The Office of the President appointed a new minister as well as a vice minister to oversee the free trade zone tripartite relations. According to the PAC members and factories, the new vice minister has a more balanced interpretation of labor legislation. The second reason given is that BWN’s interpretation of the gray areas has become more flexible because it is based on MITRAB’s revised criteria and interpretation. The project adjusted the CAT based on MITRAB’s changes in interpretation, which appear below.

- The requirement that 2% of workers be people with disabilities has been excluded.
- A portion of vacation leave can be paid for and worked instead of taken as time off.
- Severance will be paid when a worker has worked at least one year.
- When a break is more than 30 minutes, it will be considered “discontinuous”.
- If a worker is absent for less than three days for medical reasons, the employer is not obliged to pay for those days.

The BWN compliance synthesis report also is extremely controversial. BW Global produces and publishes annual synthesis reports for all participating countries. The report calculates average non-compliance rates for participating factories. The PAC members and factories told the evaluator that they did not know that BW intended to produce and publish the synthesis report on the ILO-BW website. The representatives from CNZF said publishing the report on the website embarrassed Nicaragua because it compared the country to the other BW countries where labor rights are much worse.

CNZF’s executive director commented that the government invited the ILO to establish the BW program to increase competitiveness, increase the number of contracts, and ultimately create new jobs. He went on to say that BW could be having the opposite effect by scaring away brands and other investors. The trade union representatives, on the other hand, specifically commented on freedom of association, which was the area with one of the highest non-compliance ratings (40%). They told the evaluator that while some problems still exist, the country had made significant progress in addressing freedom of association and collective bargaining issues. It should be noted that BW does not consider the freedom of association non-compliance rating (40%) to be high.

In light of the concerns expressed by the PAC regarding the BW compliance assessment methodology, the evaluator consulted the BW Global team in Geneva to determine to what extent BW would be willing to adapt it methodology as recommended by the PAC. The BW global operations manager overseeing the BWN program explained that BW uses universally applied approaches that are designed to measure changes to non-compliance because BW can ensure, with a high degree of certainty, that the assessments identify non-compliance. He said, “Our reporting style and mechanisms used are not up for debate...they are all we have in our favor is our neutrality, integrity and transparency. If we start to negotiate with one or more of our constituents about this then we will be forced to compromise these basic principles of engagement.”
3.4.3. Better Work Enterprise Advisors

BWN employs four EAs that are responsible for conducting the compliance assessments and coordinating training and other technical services. The EAs conduct the assessments in teams of two persons. Once the assessment report is completed, one of the EAs is assigned to the enterprise to provide and coordinate advisory services. It should be mentioned that BWN policy is to conduct the second compliance assessment with a different team.

The evaluator conducted a group interview with the EAs. He asked them to explain the assessment process and describe how they triangulate data points. He also asked them to describe the kinds of technical assistance they provide. The EAs provided detailed descriptions of the assessment process including how they collect data using document reviews, observation techniques, and key informant and focus group interviews. The EAs also described how they cross check the other team member’s data during the assessment to identify potential errors.

The responses from the EAs were consistent with the BWN assessment protocols including the application of the CAT. The evaluator is satisfied with the descriptions that the EAs provided about how they triangulate. To verify quality, the evaluator also reviewed a couple of compliance assessment reports. During the interviews with the EAs, however, several issues surfaced that warrant mentioning. The EAs noted that the criteria for the number and categories of interviews are not clear. They also noted that they enter data manually on forms that are time consuming. They suggested using technologies such as smart phones or tablets would be more efficient and could help reduce errors. Finally, the EAs felt they needed more training in how to facilitate and coach the PICCs and how to link improvements in labor conditions to productivity.

The evaluator also asked the enterprise representatives what they thought about the capacity of the EAs and the quality of their services. In general, the factories reported that they were satisfied with the EAs and the quality of their services. Two factory representatives suggested that the EAs would benefit from more training in national labor law and its interpretation. Three other factory representatives commented that the EAs they worked with required a deeper understanding of a textile factory and its operations. In fact, one factory offered to provide orientations to the EAs on its operations.

It is worth noting a particular problem that some factories had with EAs during the first round of compliance assessments. A couple of factory compliance officers complained that at least one of the EAs was ineffective. They said she had poor social skills and was not willing to discuss some of her conclusions regarding her non-compliance findings. The EA in question eventually resigned and was replaced. In response to the complaints, BWN provided additional training to the EAs on communication and relations with the factories, which seems to have resolved the issue.

3.4.4. Better Work Training

The BWN training unit is responsible for organizing all training events. The training unit conducts compliance training for MITRAB inspectors. The training unit also provides training on PICC formation and improvement plans, life skills, supervisory skills, and workplace skills. It collaborates with local fire departments to conduct the emergency trainings. The training unit works closely with the BWN trade union advisor to identify capacity building topics and contract local and regional content experts to conduct the workshops for trade union officials and affiliates at the central and enterprise levels. The
BWN training unit consists of a director and an analyst. The BWN trade union and enterprise advisors help conduct the trainings provided by BWN.

BWN training unit provides a range of trainings to MITRAB inspectors, PICCs, supervisors, and managers that are designed to help the factories address non-compliance points. Brief descriptions of the training are provided below.

- **MITRAB Inspectors.** The project has organized three trainings for MITRAB inspectors that focused on international labor standards, national labor laws, national inspection system, and inspection tools and processes. The trainings were delivered by a combination of ILO advisors, national labor consultants, and international labor experts.

- **PICC.** The project trains the PICCs at two primary points. The first training is designed to help the workers and managers establish the PICCs. Once the PICCs are formed, the project provides a second training designed to help the committees develop the compliance improvement plans.

- **Life Skills.** The BWN life skills training package is designed to help workers become more productive. It consists of personal finance, HIV-AIDS, and breastfeeding. The life skills trainings are optional.

- **Emergencies.** Emergency training focuses largely on fire prevention and earthquakes. The training focuses on strategies to prevent fires and control fires if they start and what to do in the case of an earthquake. It addresses things such as fire hazards, alarms, and escape routes. The emergency training is obligatory and is provided by local fire departments.

- **Supervisory Skills.** The supervisory training is designed to increase the effectiveness of supervisors and, thus, the productivity of workers. Oftentimes workers are promoted to supervisors but do not receive training. In some cases, supervisors come from other cultures and are unfamiliar with Nicaraguan workers and their expectations. The supervisor training aims to address these gaps by improving supervisory skills, especially communication.

- **Workplace Skills.** The workplace skills consist of effective communication, use of personal protective equipment, and reducing the risk of electrocution. The workplace skills trainings are targeted at workers.

- **Union Workshops.** BWN organizes and funds a variety of workshops for trade union affiliates. The topics range from social dialogue and tripartite agreements to labor rights and ILO conventions and norms. The workshops are conducted content experts that include ILO regional advisors, national consultants, universities, and non-government organizations.

Table 9 shows the number of people trained and the number of trainings by the type of training. The training participants are disaggregated by gender. Through December 2013, BWN provided training to 2,028 inspectors, workers, supervisors, and managers. Approximately 52% were men and 48% were women. BWN provided all of the training except emergencies and the union workshops. Local fire departments provided the training on emergencies while international and national experts conducted the union workshops.
Table 9: Number of Participants and Number of Trainings by Type of Training (2012-2013)

<table>
<thead>
<tr>
<th>Type</th>
<th>Participants</th>
<th>Male</th>
<th>Female</th>
<th>Provided by</th>
</tr>
</thead>
<tbody>
<tr>
<td>MITRAB inspector</td>
<td>210</td>
<td>95</td>
<td>115</td>
<td>External experts</td>
</tr>
<tr>
<td>PICC</td>
<td>399</td>
<td>217</td>
<td>182</td>
<td>BWN</td>
</tr>
<tr>
<td>Life skills</td>
<td>401</td>
<td>105</td>
<td>296</td>
<td>BWN</td>
</tr>
<tr>
<td>Emergencies</td>
<td>248</td>
<td>157</td>
<td>91</td>
<td>Fire Dept.</td>
</tr>
<tr>
<td>Supervisor skills</td>
<td>224</td>
<td>136</td>
<td>88</td>
<td>BWN</td>
</tr>
<tr>
<td>Electrical hazards</td>
<td>31</td>
<td>26</td>
<td>5</td>
<td>BWN</td>
</tr>
<tr>
<td>OSH</td>
<td>319</td>
<td>197</td>
<td>122</td>
<td>BWN</td>
</tr>
<tr>
<td>Union workshops</td>
<td>196</td>
<td>112</td>
<td>84</td>
<td>External experts</td>
</tr>
<tr>
<td>Total</td>
<td>2,028</td>
<td>1,045</td>
<td>983</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2 shows the percentage of people trained for each of the trainings provided by the project. The life skills and PICC workshops account for the highest concentration of trainings. Combined, these areas represent 40% of training participants. Approximately 319 or 16% were trained in OSH in 2012. The number of participants trained in emergencies, supervisory skills, union workshops, and inspections are relatively evenly distributed between 12% and 10%. Only 31 persons or about 1% of the total have been trained in electrical hazards.

The evaluator included specific questions about training quality and impact in the interview guides. In general, stakeholders that participated in BWN sponsored training events believe the training has been appropriate and useful. The factories opined that the training for the PICCs, emergencies, and supervisory skills training were the most useful. Several of the compliance and human resource managers that were interviewed said that they would like BWN to focus more training on labor issues that have a direct impact on productivity. The ANITEC representative expressed a similar suggestion. He said that BWN should focus all enterprise training on improved supervision, hygiene, and quality control.

The trade union confederation officials were more measured in their responses. Overall, they expressed appreciation for the training they received but would like to have more. There was general agreement between the officials that BWN should work more closely with the confederations to plan and conduct training for their affiliates in the factories. They recommended that BWN concentrate its capacity building on two main areas that include labor rights and productivity. Two of the trade union confederation officials told the evaluator that they did not understand why the project was providing training on life skills topics such as personal finance and breastfeeding. It should be pointed out that the
BWN trade union advisor has established an education committee consisting of the four participating trade union confederations. The committee is tasked with selecting training topics and trainers.

The evaluator also discussed the training with other ILO officials. The ACTRAV sub-regional advisor expressed the most concern about the training. He told the evaluator that the ILO should not be involved in life skills training. He said that ILO sponsored training should focus on core ILO principles such as freedom of association, collective bargaining, discrimination, and the ILO’s Decent Work Agenda. He also opined that the short nature of workshops targeted at trade unions was ineffective. He said the project should provide more intense and longer-term trainings on fewer topics. Apparently, the ACTRAV advisor wrote a letter to BW Global expressing his concerns about BWN training.

The evaluator also discussed training effects and impacts with the BWN training team. Apparently, the project is in the process of integrating pre- and post-tests in some of its training in an attempt to measure short-term increases in knowledge. However, BWN does not have a mechanism in place to measure longer-term changes in skills and behaviors that the training is intended to achieve. The training team noted that Tufts University, which has a contract with BW Global to measure impact, has included several training-related indicators in the recent baseline survey it conducted for BWN.

3.4.5. 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, 23 factories are participating in BWN of which, 19 have active trade unions. Where trade unions exist, the affiliates automatically sit on the committee. In the four factories where trade unions to not exist, BWN helped workers elect representatives. According to the BWN trade union advisor, only about five factories have effective PICCs. He went on to explain that many factories initially resisted forming PICCs because factory management feared that they could be used as a stepping stone to establishing trade unions. To address this obstacle, the advisor said that BWN has started to promote positive experiences that factories have had with PICCs to those factories that are concerned that PICCs could be used to establish unions. BWN uses concrete examples of the positive contributions PICCs have made and use testimonials from factory managers and owners.

One of the major weaknesses of the PICCs that surfaced during interviews was their ineffectiveness in communicating progress in the implementation of the improvement plans. The evaluator found that most PICCs do not have strategies for communicating the results of the assessment and the status of the improvement plans to workers. The BWN trade union advisor agreed saying that the challenge in most factories is to disseminate information to the workers. The evaluator did identify one factory where the PICC posts information about the improvement plan on bulletin boards located throughout the factory.

Interviews with factory managers suggested that they are satisfied with the PICCs. A human resource manager in one factory told the evaluator that he was initially concerned that some workers might use the PICC to form more trade unions. Another manager of a factory that does not have trade unions expressed a similar concern. However, after completing one 12-month cycle, both managers
commented that PICCs have not been used to promote trade unions, and in fact, they have ended up being an important mechanism to promote social dialogue. The valuable role PICCs play in promoting social dialogue was a theme mentioned by nearly half of the enterprises that were interviewed. It is worth noting that several of the factory managers that were interviewed recommended that BWN form the PICCs based on the mixed commissions (labor-management) that exist by law in all factories. They explained that using the mixed commissions would be more efficient and sustainable than creating a separate committee structure.

The evaluator interviewed worker representatives of a PICC in one factory. The representatives expressed their satisfaction with the training and support they received from BWN to establish the PICC and develop the improvement plan. In general, they said the PICC was effective in helping monitor factory compliance. They note, however, that the factory had not fully addressed problems with the ventilation system and the lack of ergonomic seating that were identified during the compliance assessment.

### 3.4.6. Factory Level Compliance

One of the aims of the BW advisory services is to improve factory compliance rates. To assess factory level compliance, the evaluator analyzed the number of non-compliance points indentified in the first compliance assessment that have been satisfactorily addressed. He also compared the non-compliance scores from the first assessment to those from the second assessment. So far, six factories have conducted the second assessment.

Table 10 summarizes the findings from the first compliance assessment. Twenty-three factories participated in the assessment. The average non-compliance score was 30 while the scores ranged from seven to 51, which represents a considerable range. Twelve factories have scores over 25 while 10 scored under 25.

<table>
<thead>
<tr>
<th>Table 10: Key Findings from First Compliance Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of factories participating 23</td>
</tr>
<tr>
<td>Average NC points 30</td>
</tr>
<tr>
<td>Range of NC points (least to most) 7-51</td>
</tr>
<tr>
<td>Number factories with NC points over 25 12</td>
</tr>
<tr>
<td>Number factories with NC points under 25 10</td>
</tr>
</tbody>
</table>

Figure 3 shows the total number of non-compliance points, the number of non-compliance points resolved, those that are in the process of being resolved, and those that are pending. Combined, the 23 factories had 656 non-compliance points. By the end of December 2013, the factories had resolved 234 of the non-compliance points. Another 225 were in the process of being resolved while 197 were shifted to the second assessment. The actual compliance rate as of December was 36%. It should be noted that BW Global uses a different methodology to calculate non-compliance. Therefore, the BW Global compliance rate is likely to differ slightly from the compliance rate reported above.
When discussing the non-compliance points with the factories, several representatives noted that they have focused on addressing non-compliance issues that have minimal cost implications. Three different factory managers told the evaluator that their factories would unlikely be willing to invest substantial resources to provide ergonomic seating for 1,500 plus workers as called for in the assessment report. Two other factory representatives explained that since they leased factory facilities from the industrial park, they did not plan to provide additional washing and toilet facilities as recommended in the assessment report. It is likely that many factories will not reach 100% compliance if substantial investments are required.

At the time of the evaluation, six factories had completed the second compliance assessment. Figure 4 compares the combined non-compliance points of the six factories for the first and second assessments. The first assessment identified 215 non-compliance points while the second assessment identified 79 non-compliance points. The combined non-compliance score decreased by 136 points while the average non-compliance score for the six factories decreased from 36 to 13. These improvements would suggest that the BW advisory services have been highly effective in these six factories.

The evaluator asked factory management what they thought of BWN advisory services and the program in general. All nine of the factories interviewed told the evaluator that they were satisfied with the BWN program and the advisory services, and they intend to continue participating as long as their buyers supported their participation. Several compliance managers noted that their factories had discussed withdrawing from the program after the first compliance assessment. They explained that the scoring methodology, especially the interpretation of certain gray areas of national labor law, created controversy and concern. However, they went on to say that when the MITRAB and BWN interpretation of certain gray areas became more flexible and they realized the value of the BWN advisory and training services, they decided to remain in the program.
3.4.7. Opinions of International Buyers

The evaluator interviewed seven compliance managers representing five of the 13 brands participating in the BWN program. Overall, the brands are satisfied with the BW core services. They believe the assessment reports are accurate and consistent with their own audits. They especially appreciate the BW continuous process of forming performance improvement committees, developing improvement plans to address non-compliance issues, and the technical assistance and training to help improve compliance. Several brands noted that the BW engagement process is much more intense and thorough than the brands would be able to provide with their limited staffing.

Compliance managers from one large brand complained that the assessment reports were difficult to read and digest. They suggested adding an executive summary highlighting the major findings and issues. Several managers also complained that the assessment reports take too long to produce. However, compliance managers from a large brand noted that BWN has decreased the time it takes to produce the reports to about four to six weeks, which they view as acceptable. According to the CTA, the six-week timeframe (28 working days) is consistent with other BW country programs.

The evaluator asked the brand representatives if they view BW focus on non-compliance as too negative and whether they would consider cancelling contracts with those factories that have high non-compliance scores. The brands said that they view the process of identifying non-compliance points and working to address them as positive and would not cancel contracts as long as factories were trying to resolve non-compliance issues. One compliance manager said, “All garment factories have compliance issues. It would worry me more if an assessment was positive and found minimal or no compliance problems.” Another compliance manager commented, “Openly identifying and working on non-compliance is what brands want because it lowers our risk. We would not cancel contracts unless the non-compliance point was extremely serious and the factory did not take it seriously.”

3.5. Efficiency and Resource Use

To assess efficiency, the evaluator analyzed the amount and percentage of resources allocated to the different line items in the BWN budget along with the expenditure rate for these line items. He also solicited comments from project staff and other stakeholders regarding their perceptions of project efficiency.

3.5.1. Allocation of Resources

Table 11 shows the allocation of resources to the different line items as reported in the BWN budget. The single largest line item is for the BWN management and support team consisting of the CTA, the three senior advisors, training unit, EAs, the finance and administrative officers, and driver. Approximately 44% of the budget is allocated to the BWN team for salaries and benefits. The next largest line items are ILO overhead and contingencies, international consultants, and travel that accounts for 10%, 10%, and 9%, respectively. It should be noted that nearly $385,000 or 87% of the international consultants line item is for BW Global support costs.

The remaining line items account for between 2% and 5% of the total budget. National consultants, training, office rent and supplies, and outside services each comprise about 5%. Equipment and the miscellaneous line items account for 3% each while evaluation services makes up 2% of the budget. The miscellaneous expenses include car maintenance, document translation, communications, and security.
The amounts allocated to the various line items appear to be reasonable and relatively consistent with other ILO projects that the evaluator has evaluated. Typically, salaries tend to account for 30% of project budgets while training and education components account for approximately 25%. The high cost of the BWN management team can, in part, be explained by the fact that it consists of 13 staff including the four EAs. On the other hand, the training budget accounts for only 5%, which seems low compared to other ILO projects. The rest of the line items, however, appear to be in line with other ILO projects.

3.5.3. Expenditure Rate

The expenditure or distribution rate for each line item in the BWN budget is presented in Table 12. As of December 2013, BWN had spent 55% of its total budget over a 39-month period. Since there are 21 months or approximately 35% remaining in the life of the project, it appears that BWN is underspent by at least 15% to 20%.

Expenditure rates for the BWN team, national consultants, travel, office rent and supplies, international consultants and outside services are between 45% and 63%, which represents some degree of underspending. On the other hand, the training and equipment line items appear significantly overspent at 102% and 89%, respectively. In fact, the training budget has been fully spent, which would suggest that it was under budgeted by at least $100,000.
3.5.4. Impressions of Efficiency

The evaluator included questions in the interview guides that were designed to solicit opinions of ILO and USDOL officials as well as key stakeholders regarding the efficiency of the project. USDOL and BWN managers believe the project is relatively thin staffed and uses its resources wisely. However, an official from BW Global pointed out that BWN is not thinly staffed when factory to staff ratios are compared to BW programs in other countries. Other stakeholders told the evaluator that they do not have access to financial information to express an opinion about whether the project is managed efficiently. In fact, one of the major complaints of the PAC is its lack of information regarding project interventions and resources.

3.6. PROJECT MANAGEMENT

The TOR contains several questions regarding the effectiveness of project management arrangements. This section provides an overview of the BWN management structure including staff and reporting arrangements, adequacy of staffing, and internal and external communications and collaboration.

3.6.1. Overview of Project Management and Adequacy of Staffing

The BWN project team consists of the following staff:

• Chief Technical Advisor
• Government Relations Advisor
• Factory and Brands Advisor*
• Trade Union Advisor*
• Director of Training
• Training Analyst
• Enterprise Advisors (4)
• Administration and Finance Officer
• Administrative Assistant
• Driver

* These advisors also conduct training events.

The evaluator included questions about staffing adequacy in the interview guides. The CTA believes that while the project is thinly staffed, it is sufficient for its current scope of activities. Several project staff commented that the training unit, given its ambitious training targets, is inadequately staffed. Initially, it consisted of only the director. Over time, the factory and trade union advisors were hired and have been involved in delivering training. More recently, the training analyst was added to the unit.
The EA team consists of four persons who conduct compliance assessments and provide on-going advisory services to factories including monthly visits. Each EA is responsible for five to seven factories. The EAs believe the current factory load of five to seven is manageable. However, if BWN increases the current number factories beyond six, the EAs believe that the project will have to hire an additional EA.

3.6.2. Internal and External Communication and Collaboration

The evaluator discussed the overall effectiveness of management and communications with project staff. In general, BWN staff believe the project is effectively managed. Apparently, there were some communications and teamwork issues among staff in the early stages of the project. The CTA arranged for a management consultant to work with staff on communications issues that, according to staff, improved teamwork. One BWN team member explained project staff are expected to conduct assessments, produce reports, and provide advisory services on short deadlines, which creates pressure and causes some conflict among team members. He also said that conflict with some factories over assessment findings adds to the pressure.

The evaluator also discussed collaboration and support that the project is receiving, especially from BW Global and the ILO sub-regional office in San Jose. The CTA explained that she relies heavily on the BW team in Geneva for technical support on the interpretation of ILS and national labor laws as well as for M&E reporting. She has also received periodic support from the ACTRAV, ACTEMP, and NORMES advisors based in San Jose but would like to have more technical support. Several BWN senior staff also commented that the project would benefit from more collaboration and support from the sub-regional office in San Jose. The ACTRAV and ACTEMP advisors commented that the project would benefit from more of their support but time and funding are obstacles. The ACTEMP advisor explained that he would like to engage more frequently with the project but does not have funds in his budget to travel to Nicaragua. He suggested that BWN should earmark funds for his travel expenses.

The CTA noted that high-level political support from the ILO could be stronger. As discussed under the stakeholder effectiveness section, the project is under strong scrutiny from the labor ministry, ANITEC, and the four major trade union confederations. These stakeholders are not satisfied with what they perceive as the rigid nature of the BW model and would like to see it significantly adjusted so it better fits the reality in Nicaragua. They also believe BWN should be integrated into the tripartite commission. The CTA noted that since these changes would have major implications for the BW model, she would require high-level support from both Geneva and San Jose to manage the expectations of these stakeholders. She also noted that BWN would require technical support from the ILO to help link labor compliance to increased productivity and efficiency.

The level of collaboration and communication between BWN, BW Global, and USDOL appears to be functioning effectively. USDOL is satisfied with level of reporting it receives from BW Global and has direct access to BWN if it requires information that is more detailed. Likewise, the BW Global managers noted that the level of communication and cooperation with USDOL is satisfactory. The effectiveness of the collaboration and communication between BWN and its key stakeholders was thoroughly discussed in the stakeholder effectiveness section.

3.7. Impact Orientation and Sustainability

The TOR included several questions about the project’s impact and sustainability, which are addressed in this section. Project impact is assessed based on the anticipated impact described in the project
document for workers, enterprises, and the textile sector. On the other hand, sustainability is assessed based on the elements in the project’s sustainability matrix.

3.7.1. Impact

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).

This midterm evaluation is not an impact evaluation; therefore, it is beyond its scope to assess impact. BW Global intends to measure impact based through the impact assessment being conducted by Tufts University. 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. The results of the analysis appear below in Table 13.

| Table 13: An Analysis of Anticipated Impacts on Workers, Enterprises, and the Sector |
|---------------------------------|--------------------------------|
| Workers                         | Analysis |
| -Better protection of labor rights | The assumption is that if factories address non-compliance points identified in the assessments, the protection of labor rights and working conditions of workers will improve. A positive impact on workers' livelihoods and families should also be realized. As discussed previously, factories have made substantial progress in addressing non-compliance points. This was evidenced by BWN factor reports and interviews with workers. Therefore, it appears the project is having an impact on the protection of labor rights and working conditions. However, the evaluator was not able to identify positive impacts on livelihoods and families due to BWN interventions. |
| -Better working conditions       | |
| -Positive impact on livelihoods and families | |

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>Analysis</th>
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<tbody>
<tr>
<td>-Increased production and quality</td>
<td>In theory, labor compliance leads to increased productivity. The evaluator identified a couple of anecdotal cases where compliance managers credited improvements in OSH areas to less absenteeism. However, the factories are not measuring productivity gains from BWN interventions. The one tangible benefit that factories noted in the interviews was cost savings realized from reducing the number of audits required by the brands. On average, factories reported that audits have been reduced from eight to three that translates into a cost savings of approximately $5,000. On the other hand, factories did not report an increase in access to international markets (new contracts) or improved relationships with international buyers. In fact, several factories expressed disappointment because they have not had an increase in new contracts/orders.</td>
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<tr>
<td>-Cost saving due to reduction in duplicative auditing</td>
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<tr>
<td>-Increase access to international markets</td>
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<td>-Improved relationships with international buyers</td>
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<tr>
<th>Textile and Apparel Sector</th>
<th>Analysis</th>
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<tbody>
<tr>
<td>-Better positioning and development of the sector</td>
<td>Based on interviews with the CNZF, ANITEC, factories, and brands, there is no evidence that BWN has contributed to better positioning and development of the sector. In fact, CNZF, ANITEC, and some factories believe that participation in BW has hurt the sector’s reputation. There is also no evidence that BWN has contributed to increases in exports and employment. The lack of an increase in exports and employment is one of the major criticisms of BWN made by the tripartite commission. Finally, the evaluator was not able to identify additional positive social and human development impacts based on interviews and trade unions and a relatively small number of workers. It is feasible that the life skills</td>
</tr>
<tr>
<td>-Increased exports</td>
<td></td>
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<td>-Increased employment</td>
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<tr>
<td>-Positive social and human</td>
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In summary, the project has made significant progress in addressing the non-compliance points identified during the first compliance assessment. In addition, the non-compliance scores for the second assessment have improved markedly over those of the first assessment. There is also emerging evidence that some factories have realized gains in productivity from BWN interventions. However, there is a lack of empirical evidence showing the relationship of resolving non-compliance issues and increases in productivity. The true impact of increased compliance on labor rights, improved working conditions, and productivity should be the focus of the BW impact assessment.

The most important verifiable impact appears to be the cost savings resulting from a decrease in audits performed by the brands. The nine factories that were interviewed reported important cost savings resulting from fewer audits. In fact, the majority of factories requested more assistance from BWN to convince all the brands to participate in the BWN program, which would further reduce the number of audits. There are extremely high expectations on the part of the tripartite commission that BWN would more competitively position the sector and contribute to an increase in exports and employment. Many factories expected that participation in BWN would lead to an increase in new contracts or orders. However, there is no evidence that BWN has contributed to increases in exports and employment.

### 3.7.2. Sustainability

The project document states that BWN is “designed to support the transition to an independent self-financing institution in the medium or long term.” In further states that in developing the sustainability strategy, the project will consider the views of government, employers’ and workers’ organizations, international buyers, donors, and other stakeholders. One of the indicators for IO 2 is a sustainability plan, which has not yet been developed.

The project has, however, developed a BWN core services viability plan. The plan is organized into three major areas of viability that include political, financial, and managerial. Each of these major areas consists of key elements. For example, political viability elements include key stakeholder such as government, PAC, factories, trade unions, and buyers. The elements of financial viability include cost recovery, cost per worker, and supplemental funding. Managerial viability is based on the idea of establishing and building the capacity of a local legal entity to continue providing BW core services once project funding ends in 2015. The plan lists indicators for each as well as targets.

The project has made little progress towards achieving the indicators in the core services viability plan. Political viability depends largely on the commitment of the tripartite stakeholder to support BWN. As discussed throughout the evaluation report, the tripartite stakeholders are not satisfied with BWN and are threatening to quit the project if certain conditions are not met. While the project is generating revenue from factories for participation in the program and from the sales of compliance reports to the brands, it is not enough to cover its operational costs and achieve financial viability. Regarding managerial viability, the project has not started the process of establishing a local entity that would continue to provide BW core services once USDOL funding ends.
The project’s sustainability strategy is based on two pillars. The first consists of establishing an entity to provide BW core services that is built on local cost structure, rather than an ILO cost structure. The second pillar is generating enough revenue from BW core services to cover the operational costs of the local entity. The current BW project staffing structure and package of core services costs approximately $900,000 per year. The project is generating less than $50,000 per year from factory participation and the sales of compliance reports, which is not even close to providing the revenue necessary to support the current BWN program. Even if the project reached 100% of the textile factories and buyers in Nicaragua, total revenue would be less than $100,000.

The only way for the BWN program to be financially viable is to reduce the cost of the structure, modify the core services, increase the membership fees, and increase the number of factories and buyers participating. The evaluator asked factory managers and owners if they would be willing to pay more for the BW services and, if so, how much would they be willing to pay. The price point was, on average, $6,000. If BW increased its membership fee to $6,000; increased membership to include the 45 factories in the sector; and managed to convince all 26 brands to participate and buy reports from their suppliers; the project could theoretically generate approximately $335,000. This is only 37% of the current BWN budget. The critical question and challenge for BWN is whether it can establish a local entity capable of providing BW core services to 45 factories and 26 brands for $335,000.

The evaluator examined the feasibility of embedding the factory compliance assessment and support services within the tripartite commission. While the tripartite commission members would welcome the opportunity to have a BWN-style program operating within its framework, the evaluator identified funding and credibility as major obstacles. The tripartite commission acknowledged that they would require funding from factories, brands, or donors to provide the level of services that the BWN program is currently providing. The brands expressed concern about the tripartite commission conducting assessments and producing compliance reports on factories. A couple of compliance managers working for major brands told the evaluator that their companies would question the accuracy of compliance assessment findings produced by the tripartite commission given its reluctance to publish negative reports about the sector. The brands that were interviewed said they preferred to have a credible independent organization like the ILO conduct and report on labor rights compliance.

Finally, the evaluator examined other elements of the BWN program that might be sustained. These included the compliance assessment approach and reports, BW technical assistance and training, and the PICCs. As discussed above, the compliance assessment and reports need to be incorporated in a credible and independent framework that the brands trust and support. They would not be able to survive outside that framework. Likewise, the BW technical assistance and training are designed to help factories achieve compliance so attempting to sustain them without the broader compliance framework does not seem feasible. The PICCs, which are functioning well in several factories, seem to be the most sustainable “stand alone” element of the BWN program. Several factory compliance managers told the evaluator that that PICCs have helped improve social dialogue and they would like to maintain them once the project ends.
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; relevance and strategic fit; progress and effectiveness; BWN core services; efficiency; project management; and impact and sustainability.

IV CONCLUSIONS

4.1 PROJECT DESIGN

- The BWN project design includes intermediate objectives and outputs that do not meet the criteria of ILO’s RBM approach. The development objective is written as a double goal. The causal link between increased compliance, employment and poverty reduction is weak. Access to BW tools and approaches does not ensure their use, which would be required to contribute to achieving the development objective. Three outputs are written as outcomes or activities instead of outputs (i.e. products or services).

- 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. These describe steps in achieving the intermediate objective but do not measure the achievement of the objective. The indicators for IO 2 do not include elements of sustainability such as support from the key stakeholders to sustain the program once funding ends or the kind of BW structure that should be in place to continue providing independent and objective assessments and other advisory services.

- BW Global requires all BW projects to report on 35 indicators. Many of these indicators measure effect or outcome level changes and meet RBM criteria. However, there is very little overlap between the 35 indicators that BWN reports on to BW Global and the 14 indicators in the project’s PMP. The BW Global indicators can serve as useful examples of the kinds of indicators BWN should be using in the PMP.

- ILO-USDOL Management Program Guidelines (MPG) requires the project to submit technical progress reports (TPRs) at least every six months that includes a report on indicator progress. The project submits the TPR every three months and reports on indicator target progress every six months. However, these are submitted as separate documents instead of as a unified TPR.

4.2 RELEVANCE AND STRATEGIC FIT

- Central level stakeholders are not satisfied with BWN. They do not believe their needs and expectations are being met. They do not believe BWN is helping create new jobs or increase the number of contracts with the brands. They are also dissatisfied with the assessment scoring methodology and the Nicaragua compliance synthesis report, which they believe is damaging the country’s reputation and could have a negative effect on investment in the textile sector.

- The PAC and factories have high expectations that BWN will increase the number of new orders or contracts and thus increase employment. The ILO may have over emphasized the creation of new contracts and jobs as one of the benefits of BW, which caused some of the stakeholder dissatisfaction with the BW program. The link between improving labor compliance and creating new jobs is weak and difficult to prove in the Nicaragua context. This evaluation was not able to find evidence that participation in BW has increased the number of contracts and new jobs.
• Factories and brands are generally satisfied and believe their needs and expectations are being met. The factories and brands value the BW core services and believe they are helping address non-compliance points. However, some factories are disappointed that their participation in BW has not resulted in new orders or contracts.

4.3. **PROGRESS AND EFFECTIVENESS**

• Twenty-three factories that employ 36,169 workers and 13 brands are currently participating in the BW program. This represents approximately 51% of the factories, 55% of the workers, and 45% brands targeted by BW.

• BWN is on track to achieve its indicator targets. The project has met or exceeded eight of the 14 indicator targets. The two indicator targets that have not been met and require attention are the development of a sustainability plan and the integration of the impact assessment findings into BWN.

• Central level stakeholders (PAC) are not satisfied with their engagement in the project. They believe that BWN is not transparent and that they do not have access to important information regarding the compliance assessments and BWN interventions at the factory level. They also do not believe that they participate in the decision-making process. PAC believes BWN should be closely integrated in the tripartite commission. BWN is concerned that if it integrates too closely with the tripartite commission, it could lose its independence and credibility with the brands.

• The factories are satisfied with their level of engagement including consultations, information sharing, and communication. The brands, on the other hand, would like to have more frequent and proactive communication and information from BWN.

4.4. **BWN CORE SERVICES**

• The brands are satisfied with the quality of the compliance assessment reports. Initially, the factories were dissatisfied with the reports because non-compliance findings were based on MITRAB and BWN interpretation of certain national labor laws that factories thought favored workers and were not consistent with judicial rulings. Under new leadership, MITRAB adjusted its interpretation of these “gray areas” to align them with the court’s interpretation and rulings. In general, the factories are currently satisfied with the compliance assessments and reports.

• The PAC does not agree with the compliance assessment scoring methodology, which they consider unfair to factories and inappropriate to the labor situation in Nicaragua. The PAC is requesting changes in the compliance assessment methodology as condition to remain in program. BW Global insists that the BW methodology and approach is standardized and cannot be adjusted.

• The enterprise advisors are providing high quality BW core services including compliance assessments, formation and support of the PICCs, ongoing technical support to factories, and periodic compliance progress reports. The advisors are triangulating information from the assessments to appropriately and accurately assess non-compliance. They would benefit from more training on factory operations, communication, and facilitating the PICCs. Efficiency would be increased if advisors used smart phones or tablets to enter and manage assessment data.
• BWN has trained 2,028 persons in at least one of the following areas: inspection, life skills, PICC formation and improvement plans, emergencies, supervision, OSH, and trade union topics. Approximately 50% of the training participants have been women. The PICC training is focused on concrete outputs that include committee formation and compliance improvement plans. It is not clear, however, what impact the other trainings are having because the project does not have a mechanism in place to measure the intended effects. Many training sessions are short due to availability of workers, which may negatively affect its impact.

• The PICCs are effective at promoting social dialogue in the factories between workers and managers. Initially, some factories were concerned that the PICCs would be used to promote, establish, or promote trade unions. Factory management is generally satisfied with the PICCs and credits them for improving social dialogue and helping address the non-compliance points identified in the assessments.

• The factories are making substantial progress in resolving non-compliance points. Combined, the 23 factories participating in BWN have resolved 234 of the 656 non-compliance points resulting in a compliance rate of 36%. Furthermore, the average non-compliance score for the six factories that have conducted the second assessment decreased from 36 to 13.

• The brands are satisfied with the quality of the compliance assessment reports and the BWN core services that are designed to help factories address non-compliance points. They believe that the reports accurately reflect compliance status in the factories. The brands especially appreciate BWN’s continuous improvement approach to compliance. Some brands find the reports difficult to read and believe they take too long to produce.

4.5. EFFICIENCY

• BWN appears to be efficiently managed. BWN budget line items generally in line with similar ILO implemented projects. The two exceptions are the BWN management and support team and training. The BWN team represents about 45% of the total budget, which seems high when compared to similar projects. The training line item, on the other hand, is only 5% of the budget. Interestingly, the entire training budget has been fully spent as of December 31, 2013.

• BWN has spent 55% of its budget after 39 months or 65% of project implementation time. This represents an underspending of approximately 15% to 20%. BWN has 21 months or 35% of remaining project life to spend $2 million or 45% of the total budget.

4.6. PROJECT MANAGEMENT

• While the BWN project is thinly staffed, staffing levels appear to be adequate for its current scope of activities. The exception might be the training unit, which seems inadequately staffed given the project’s ambitious training targets. If BWN increases the current number factories beyond six, the project will have to hire an additional enterprise advisor.

• BWN staff are satisfied with internal communication and teamwork. Initially, communication problems surfaced between staff. To address the problem, the project hired a consultant to work with staff on communication skills, which appears to have been successful. Communication and collaboration between the project and BW Global and USDOL is effective. However, communication and support between BWN and the ILO sub-regional office in San Jose is less effective.
4.7. **IMPACT AND SUSTAINABILITY**

- The most tangible impact the project is having is on cost savings realized from fewer audits. Factories report cost savings of between $5,000 and $12,000 since participating in BWN. The improvements in labor compliance suggest that conditions at the factories are improving, which is another tangible impact. However, there is no evidence that BWN is contributing to an increase in new contracts/orders and employment as initially envisioned.

- The project is generating revenue from the fees that factories are paying to participate in the program and from selling compliance reports to the brands. The revenue represents only a fraction of what is required to sustain the BWN program. Sustainability is a function of lowering costs and increasing revenue, which is predicated on three strategies: reducing the cost structure; increasing the number of factories and brands participating in the program; and increasing the pricing for membership and compliance reports.

- Any notion of sustaining BWN by embedding it in MITRAB or the tripartite commission would not be acceptable to the brands. The brands are concerned that it would be difficult for the tripartite commission to conduct compliance assessments and produce reports that are truly objective and independent. They believe the tripartite commission’s interest in protecting the sector’s reputation in Nicaragua and attracting new investment could make it difficult for them to disclose non-compliance in factories.
V RECOMMENDATIONS

The following recommendations are based on the findings and flow from the conclusions. They are intended to help the BWN make adjustments that can increase the effectiveness of the project over the remaining life of the project. The recommendations might also be useful to BW Global if it intends to continue implementing BW projects in countries similar to Nicaragua.

5.1. BWN ENGAGEMENT WITH TRIPARTITE COMMISSION

BWN should consult BW Global and, together, define an engagement strategy with the tripartite commission, which also serves as the PAC. The PAC is threatening to withdraw from BWN if certain demands are not met that include changing the BWN non-compliance scoring methodology and integrating BWN within the tripartite commission. BW Global is not willing to adjust the BW methodology for Nicaragua and is concerned that integrating BWN into the tripartite commission could cause BWN to lose independence and credibility with the brands. Given the current situation, PAC is not an effective advisory body and the BWN management team is spending significant time and effort trying to manage its relationship with the PAC. The engagement strategy should include the level of support the CTA will require to implement the strategy.

5.2. PARAMETERS OF THE BW METHODOLOGY

BW Global should organize high-level meetings with the Government of Nicaragua to discuss and agree on the future direction of BWN. The meeting should include General Álvaro Baltodano, Delegate for Investment in Nicaragua. The leadership of the tripartite commission, factories, and brands should also participate in the meetings. Ideally, the ILO sub-regional director would also participate. The purpose of the meetings would be to:

- Discuss the accomplishments of BWN, what is can realistically achieve in terms of productivity and competitiveness and what is cannot achieve. The discussion should address the Government of Nicaragua’s expectations for increased investment and employment. The brands and factories should be encouraged to participate in this discussion based on their experience with BWN.
- Define to what extent BW Global is willing to adjust the BW methodology to meet the needs of Nicaragua, which the tripartite commission believes are substantially different than other BW countries. BW Global believes it cannot adjust the BW methodology because it is standardized and designed to identify non-compliance. BW Global should be very clear about this since adjusting the methodology is a condition for the tripartite commission to remain engaged in BWN.
- Determine the future direction of BWN and the role it might play to help ensure compliance with national and international labor laws and norms while increasing productivity, efficiency, and competitiveness. The sustainability of BWN model should also be addressed as well as the role the tripartite commission might play in the process. It would be important for the brands to participate in this discussion to express their needs for a BWN program to be independent and objective.

BWN and BW Global should consult on the most effective way to organize the meetings. For example, it might be more appropriate for BW Global to meet General Baltodano first to discuss issues and the
agenda for a subsequent meeting or meetings. However, it is important that the various stakeholders meet, discuss, and listen to each other’s needs and expectations.

5.3. **Stakeholder Engagement**

BWN should increase its efforts to engage stakeholders, especially the PAC members and brands. Increased stakeholder engagement should be driven by a focus on bilateral discussions and information sharing. BWN should engage PAC members separately to discuss issues that are relative and important to the particular stakeholder. To the extent feasible, BWN should share information on factory level interventions and the progress factories are making to resolve non-compliance points. The bilateral meetings would serve as an important forum to raise and discuss issues and problems and develop joint solutions. This approach is designed to create ownership that will contribute to longer-term sustainability. The BW CTA will require high-level political support from BW Global and the ILO sub-regional office to successfully implement this approach.

BWN should also increase the level of engagement with the brands. This should include more proactive communications with brands on the progress factories are making to resolve non-compliance points and the labor atmosphere in the factories in general. Proactive communication approaches might include increased teleconferences with brand compliance managers; short reports on factory visits and capacity building activities; or trending updates on labor related situations in factories and in the country in general.

5.4. **BWN Communication Strategy**

BWN should develop a communication strategy based on formative research. The strategy should be designed to communicate the purpose and approach of BW, the reasons for the BW approach to compliance, and BWN activities and achievements. The communication strategy should also capture the opinions and impressions of the brands and factories regarding the benefits of participating in the BWN program. The strategy should include well-defined target audiences, messages crafted for each audience, and the most effective communication channels for the audiences and messages. For example, the strategy could be used to recruit more brands and, thus, more factories into the program. It might also be used to address the negative perceptions that some stakeholders have about BWN.

5.5. **Productivity and Efficiency**

BWN should focus its efforts on labor compliance interventions that have causal relationships to increased productivity and efficiency. This would involve hiring an expert consultant to help the project define the labor compliance interventions that have the most direct link to productivity and efficiency and develop the metrics and system to demonstrate increases in productivity and efficiency. The project might be able to borrow the metrics that Tufts University is using to assess productivity and efficiency as part of the impact assessment.

Some factories have started to identify gains in productivity resulting from addressing certain non-compliance points such as the use of personal protective equipment and its effect on injuries. In addition to productivity and efficiency, the expert consultant might also assess the link between labor compliance and quality control, which is a priority for many factories. As BWN begins to measure increases in productivity, efficiency, and possibly quality control, the results can be incorporated into the community strategy described under Recommendation 5.3.
5.6. **Brand and Factory Participation**

BWN and BW Global should develop a strategy to increase the number of brands participating in the BWN program. The key to increasing the number of factories participating and eventually achieving full sector participation is the participation of the brands. The factories participate in BW because the brands require or strongly recommend it. The strategy to increase brand participation should be built on BW Global or ILO high-level contacts with the brands. The strategy should be designed to leverage these contacts. The strategy might include strong incentives for factory participation such as additional tax breaks, streamlined license approvals and other paperwork requirements, IFC financing and technical assistance, and training funds from the National Technology Institute. These incentives would require the involvement of the Government of Nicaragua.

5.7. **Project Design**

BWN is in the process of developing a new project document for the remaining two years of the project. BWN should work closely with BW Global to revise the intermediate objectives, indicators, and outputs so they meet RBM criteria. To the extent possible and appropriate, the BW Global indicators should be incorporated into the project’s redesign. BWN should consider adding an intermediate objective that focuses on increased productivity and efficiency with a set of indicators related to the metrics mentioned under Recommendation 5.4. It should also consider revising IO 3 so it specifically addresses gaps in labor and policy law. It would be appropriate and helpful if BW and the ILO worked with the Government of Nicaragua to address gaps and ambiguities in national labor law such as the requirement that 2% of the workforce be comprised of people with disabilities and other “gray areas” that surfaced during the compliance assessments.

5.8. **Compliance Reports**

BW Global should consider revising the compliance report format to include an executive summary that highlights key findings. A concise executive summary will facilitate report processing for the brand compliance managers. BW Global should also consider incorporating a section in the compliance reports that credit factories for addressing non-compliance. The BW assessment methodology should still focus on non-compliance, but a section crediting factories for positive advances towards compliance would serve as positive reinforcement while providing additional important information that brands would like to see in the report.

5.9. **Capacity Building**

BWN should ensure that its capacity building activities (i.e. training) are assessed and measured to determine their effect and eventual impact. The project has invested heavily in training more than 2,000 persons in a variety of labor related issues. However, it is not clear what impact the training is having on labor compliance. The project might adopt the following strategies to begin to assess and measure its capacity building efforts.

- Conduct pre- and post-tests at training events to measure short-term changes in knowledge and skills.
• Link training to specific non-compliance points where improved practices or behavior change can be measured by the assessments. For example, the use of personal protective equipment or less verbal abuse from supervisors could be used to measure the effectiveness of OSH and supervisory training, respectively.

• Link capacity building to increases in productivity, efficiency, and quality control. BWN can use the metrics mentioned under Recommendation 5.4 to measure the effectiveness of trainings that have strong links to productivity, efficiency, and quality control.

• Articulate the effect or impact that each training is intended to have and ensure that, to the extent possible, the BW impact assessment is attempting to measure these effects or impacts.

5.10. TPL Contingency Plan and Local BW Entity

BWN and BW Global should develop a contingency plan that assumes that the US Congress will not approve another round of TPL for Nicaragua. The plan should analyze the impact on the garment sector in terms of production costs, factory relocation, and contracts or orders from brands. The contingency plan should also assess the feasibility of BWN incorporating other export sectors. The purpose of the plan would be to outline a clear path forward for BWN without the benefits of TPL.

If, based on the results of the contingency plan, BW Global determines that it is intent on sustaining the BW model in Nicaragua; BWN should commission a sustainability study. The study should explore and identify alternative sustainability models or options such as establishing a local entity or embedding BWN into a national or international organization. The sustainability study should also define the governance structure, business or financial viability model, and relationship to BW Global for each option. Developing and implementing a sustainability strategy will likely be a complicated process that will take ample time. Ideally, the sustainability plan should be developed and implementation started before the last year of the project so project funds can be used to make the transition.
ANNEX A: TERMS OF REFERENCE

TERMS OF REFERENCE

AN INDEPENDENT MIDTERM EVALUATION
OF THE
BETTER WORK NICARAGUA PROGRAM

The U.S. Department of Labor (USDOL) has contracted O’Brien & Associates, Inc. to undertake a midterm evaluation of the Better Work Nicaragua Program (BWN). BWN is a five-year, $4.5 million project that is funded by USDOL and implemented by International Labor Organization (ILO). The evaluation is intended as a formative evaluation that will allow the project to address problems and take mid-course corrective actions before the project is schedule to end in 2015.

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

BACKGROUND OF THE PROJECT

BWN aims to improve competitiveness of the industry by enhancing economic performance at the factory 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. Factories 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 factory 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, factories, 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 factories: 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 midterm and final evaluations. The midterm evaluation of the BWN project is due at this time.

The overall purpose of this midterm evaluation is to assess program design, review the progress made toward the achievement of the outcomes of the project and identify lessons learned from its program strategy and its key services implemented to date. The evaluation will investigate how well the project team is managing project activities and whether it has in place the tools necessary to ensure achievement of the outputs and objectives.

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 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 assess its possible use as model to address labor issues in the world of work.

**EVALUATION QUESTIONS**

To serve these purposes, this midterm evaluation will focus on the validity of the project’s design, the relevance of the project’s services to the target groups’ needs, the project’s efficiency and effectiveness, the impact of the results, and the potential for sustainability. These criteria are explained in detail below by addressing their associated questions.

Additional questions may also be analyzed 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. To what extent was the project design logical and coherent? Were the objectives/outcomes, targets and timing realistically set?

2. How appropriate and useful are the indicators described in the project document in assessing the project’s progress? Is the project monitoring plan practical, useful, and sufficient for measuring progress toward achieving project objectives? How is the gathered data used? How could it be used better?

Relevance and strategic fit

3. To what extent are 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 a way that affects the relevance of the program?

Project progress and effectiveness

4. Is the project on track to complete the project targets according to schedule? If not, what have been the obstacles to achievement both in terms of factors that the project is able to influence and external factors beyond its control?

5. How effectively have project resources been used in reaching the milestones to date?

6. 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?

Efficiency of resource use

7. Have resources (funds, human resources, time, expertise etc.) been allocated strategically and efficiently to achieve outcomes?

Effectiveness of management arrangements

8. Is the project adequately staffed?

9. To what extent have management capacities and arrangements put in place supported the achievement of results?

10. Does the current project governance and management facilitate good results and efficient delivery?

Effectiveness of Better Work core services

11. What are the key strengths of the technical team responsible for the assessment and advisory services? What are the areas for improvement? Are there external factors influencing the assessment process?
12. What are international buyers' views of BWN core services?

13. How effective or thorough have the Enterprise Advisors been in triangulating evidence in order to identify gaps in compliance?

14. Are advisory services timely and of high quality? Were the topics chosen for advisory services relevant and related to pressing non-compliance issues? Has factory compliance improved because of BWN advisory services?

15. 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? To which extent? What are the challenges to worker participation, and how might they be overcome as the project completes industry wide participation and moves into a pre-sustainability phase?

16. What was the nature of training received and has it been effectively applied? Were the training services provided relevant? What are the areas for improvement? How has the training thus far addressed the key gaps identified in compliance?

Impact orientation and sustainability, including effectiveness of stakeholder engagement

17. What was the nature of the commitment from national stakeholders, including the Government of Nicaragua, the labor movement (locally and internationally), employers (both the employers' association and participating factories themselves), the Free Trade Zone Commission? How has the relationship been handled by the project in general and in times of crisis? What are opportunities for greater engagement?

18. Has Better Work Nicaragua communicated effectively with national stakeholders? Do they stakeholders feel that their concerns have been sufficiently addressed?

19. To what extent has the project effectively leveraged the Project Advisory Committee (PAC) as a tripartite mechanism for providing guidance and advancing progress on project objectives?

20. What was the nature of buyers' engagement in BWN? How effectively has BWN encouraged buyers to participate in the project? Has Nicaragua gained new buyers because of improved compliance in the factories?

21. How might the program need to be adjusted in light of further expansion, evolving needs and factory demands?

22. 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 Ministry of Labor, factory compliance improvements transferable to other factories and business association, etc.)?

EVALUATION MANAGEMENT AND SUPPORT

Dan O’Brien will serve as the evaluator for this evaluation. Dan O’Brien to conduct this evaluation. Dan is a private sector and labor expert with substantial experience providing technical assistance to and evaluating employer-based labor projects. Dan also has extensive experience in Central America, especially Nicaragua here he has evaluated a number of USDOL-funded projects. Dan conducted the final evaluation of the CAFTA-DR Labor Justice Training Program and the final evaluation of the
Dan also conducted the midterm evaluation of the CAFTA-DR White Paper Verification Project. More recently, he conducted the final evaluation of the Everybody Works Project: Worker Rights Centers in Central America and the Dominican Republic. Dan conducted the midterm evaluation of the Better Work Bangladesh preparation phase project and has 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 with input from ILO
- Reviewing 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 COTR on all communication with evaluator(s)

ILO is responsible for:
• Reviewing the TOR, providing input, as necessary, 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 all 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
• Project Advisory Committee (PAC)
• ProNicaragua
• ANITEC and COSEP
• IFC representative in Nicaragua
• ILO ACTRAV and ACTEMP representatives in San Jose
• International buyer representatives
• Other collaborating projects (i.e. factory based health fairs)

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 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 and key stakeholders to present and 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 the evaluation process. In discussing the evaluation process, the evaluator will clearly describe the constraints generated by the retrospective nature of this evaluation methodology and data collection and how those constraints could be avoided in future evaluations.

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**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Products/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare and submit TOR</td>
<td>January 15</td>
<td>Draft TOR</td>
</tr>
<tr>
<td>Doc reviews, methodology, data collection instruments</td>
<td>January 13-17</td>
<td>Final evaluation questions Methodology section Instruments</td>
</tr>
<tr>
<td>USDOL pre-trip calls</td>
<td>January 14</td>
<td></td>
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<tr>
<td>Fieldwork Nicaragua including debrief meeting</td>
<td>January 27-31</td>
<td>Debrief presentation</td>
</tr>
<tr>
<td>USDOL and ILO debrief calls</td>
<td>February 5</td>
<td>Debrief notes</td>
</tr>
<tr>
<td>Analysis and report writing</td>
<td>February 3-21</td>
<td></td>
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<tr>
<td>Send first draft report for 48 hour review</td>
<td>February 21*</td>
<td>Draft Report 1</td>
</tr>
<tr>
<td>Revise and send second draft report for 2 week review</td>
<td>February 25*</td>
<td>Draft Report 2</td>
</tr>
<tr>
<td>Revise and send final draft report for final review</td>
<td>March 10</td>
<td>Final Draft Report</td>
</tr>
<tr>
<td>Finalize and send final report</td>
<td>March 14</td>
<td>Final Report</td>
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</tbody>
</table>

* The 48 hour and 2 week reviews were combined.

**DELIVERABLES AND DELIVERABLE SCHEDULE**

A. Finalized TOR with USDOL and ILO consensus, January 17, 2014

B. Method to be used during field visit, including itinerary, January 18, 2014.

C. Debriefing meeting/presentations, January 31, 2014

D. USDOL and ILO debrief calls, February 5, 2014 (to be determined)

E. Draft Report 1 to USDOL and ILO February 21, 2014 (48-hour review).

F. Draft Report 2 to USDOL and ILO by February 25, 2014 (2 week review).

G. Final Draft Report to USDOL and ILO by March 10, 2014 (final review).

H. Final Report to USDOL and ILO by March 14, 2014.*

* These dates depend on when USDOL and ILO provide comments to evaluator
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)\(^1\)
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
6. Any other relevant documents

\(^1\) 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 (M&E System)

How appropriate and useful are the indicators?
How effective is monitoring system?
How could the M&E system be improved?

Relevance and strategic fit

Is the project meeting the needs of the key stakeholders?
- Factories
- Unions
- Government
- Buyers
Have the needs of these stakeholders changed since the beginning of the project?

Project progress and effectiveness

Is the project on track to complete the project targets? If not, why?
How effectively has the project engaged and communicated with stakeholders in project implementation?
What can be improved?
Has the project effectively leveraged PAC to achieve its objectives?

Effectiveness of Better Work core services

How effective are the enterprise advisors in general and at triangulating evidence to identify compliance?
Suggestions?
What do the international buyers' thin about BWN core services? Have the buyers been effectively engaged in the project? What could be improved?
Are advisory services timely and of high quality?
Has factory compliance improved because of BWN advisory services?
To what degree have workers participated in the PICC?
Has social dialogue improved because of the project?
What are the challenges to worker participation and recommendations to make improvements?
How effective has the training been? What can be improved?
Efficiency of resource use

Have resources (funds, human resources, time, expertise etc.) been allocated strategically and efficiently to achieve outcomes? Spend rate? Cost per benefit?

Effectiveness of management arrangements

Is the project adequately staffed?
Is the project effectively managed (structure, skills)? Improvements?

Impact orientation and sustainability, including effectiveness of stakeholder engagement

Are the stakeholders committed? What can be improved?
-Government
-Employers
-Unions
Has Nicaragua gained new buyers because of improved compliance in the factories?
Will the project likely expand? If so what adjustment should be made?
What are key elements that could be sustained (e.g. team capacity transferable to the Ministry of Labor, factory compliance improvements transferable to other factories and business association, etc.)?
Do you think the US Congress will approve TPL? If it does not, what do you think will happen to the sector?
What do you think the project should focus on if it does not pass?
ANNEX C: LIST OF DOCUMENTS REVIEWED

1. BWN Project Document
2. USDOL-ILO BWN Cooperative Agreement (September 2010)
3. USDOL-ILO BWN Cooperative Agreement Grant Modification (September 2011)
4. BWN Workplan
5. BWN Performance Monitoring Plan (December 2013)
6. Technical Progress Reports (January 2011 to December 2013)
7. BWN core Services Viability Plan
8. Tripartite Agreement for Labor Stability in the Free Trade Zones
9. Better Work and Maquilas in Nicaragua: A Diagnosis from the Business Stakeholders’ Perspective
10. BWN Garment Industry 1st Compliance Synthesis Report
11. Compliance Assessment Tool
12. Sample Compliance Assessment Reports (Confidential)
13. Impact Assessment Baseline Survey Questionnaires
14. MITRAB Inspector Training Report and Presentation
15. 2013 BWN Training Report
16. BWN Factory Compliance Improvement Report
17. BWN Organizational Chart
18. ANITEC Letter to BWN, December 10, 2013
ANNEX D: LIST OF PERSONS INTERVIEWED