



BETTER WORK

IMPROVING WORKING
CONDITIONS
AND PROMOTING
COMPETITIVENESS
IN GLOBAL SUPPLY CHAINS



Better Work is a unique partnership programme between the International Labour Organization (ILO) and the International Finance Corporation (IFC) that aims to improve both compliance with labour standards and competitiveness in global supply chains.

Better Work involves both the development of global tools and the implementation of country-level services, with a focus on scalable and sustainable solutions that build cooperation between governments, employers' and workers' organizations and international buyers. Donors also play a large role by providing key funding support to the programme at both global and national levels.

Improving compliance with labour standards in global supply chains is an important part of a pro-poor development strategy. The protection of workers' rights and entitlements helps distribute the benefits of trade to promote human, social and economic development. Compliance with labour standards can also help enterprises be more competitive through a variety of factors such as access to new markets and buyers and new sources of financing and credit, and may contribute to high productivity and quality. Better Work supports enterprises in implementing the ILO core international labour standards and national labour law.

Positive Impacts: The Better Factories Cambodia Example

- > Exports to the US, Cambodia's major export destination, grew by 151% in value between 2001–2008.
- > Over 160,000 new jobs were created during the same period.
- > Compliance rates for freedom of association in participating factories increased 14%, to almost 90%.
Over 90% of factories now paying correct wages and overtime rates, and granting maternity leave and paid annual leave (increase in compliance of 37%).
- > Nearly 4 out of 5 factories are ensuring overtime is voluntary and workers are receiving paid sick leave.
- > Compliance in occupational safety and health improved 20%.



"Better Work supports the empowerment of workers in some of the poorest countries of the world. Through achieving real freedom of association the lives of workers and their families will be improved."

Sharan Burrow
General Secretary
International Trade Union Confederation

THE HISTORY OF BETTER WORK

BETTER FACTORIES CAMBODIA

Better Work was inspired by the ILO's Better Factories Cambodia project. Introduced in 2001, the project was developed to improve working conditions in Cambodia's export apparel industry. Better Factories Cambodia was originally linked to an innovative trade agreement with the United States that provided market access in return for improving working conditions in the garment sector. After the expiration of the trade agreement in 2004, the Cambodian Government together with unions and employers requested that the ILO set up a sustainability strategy to turn Better Factories Cambodia into a self-financing local institution. The ILO teamed up with IFC to design and implement that strategy.

MAKING THE MODEL WORK ON A GLOBAL SCALE

Building on the lessons and successes of Better Factories Cambodia, Better Work was established in February 2007 to help address the challenges faced by actors in global supply chains, such as international buyers eager to decrease audit fatigue and consolidate costs, and enterprises looking to increase competitiveness to maintain access to global markets. In addition, while most developing countries have ratified the ILO core labour standard conventions, enforcement remains a major challenge. In many cases, ministries of labour lack the capacity or resources to be effective. Labour laws, including national labour laws, may be unclear or misunderstood by employers, and government action is often met with the perception that strict enforcement of labour laws will deter potential investors.

Better Work is providing practical solutions that build the capacity of government, employers and workers, while increasing social dialogue among stakeholders to ensure long-term, sustainable outcomes for compliance with labour standards.

"Better Work provides a real opportunity to advance the global cause of responsible competitiveness by improving conditions and rights for workers."

Patrick Itschert
General Secretary
International Textile, Garment and Leather Workers' Federation

BETTER WORK: GLOBAL AND IN COUNTRY

At the global level: Better Work is developing practical tools to help enterprises improve their compliance with labour standards and increase their competitiveness. Key global-level activities of the Better Work programme include:

- A practical workplace assessment tool that measures compliance with core international labour standards and national labour law, benchmarking against industry averages and showing progress over time.
- Advisory services that provide guidance on remediation efforts addressing both non-compliance issues and management systems.
- Tailored training resources including a 12-month modular training programme, single-issue seminars, induction training kits and first-level supervisor training.
- Innovative techniques to raise worker awareness, such as soap operas and comic books.
- Model policies and procedures, as well as good practice guides on a variety of common enterprise needs.
- STAR, an information management system that consolidates compliance and remediation data from each enterprise, and facilitates sharing that information quickly and easily with international buyers.
- Monitoring and evaluation to continually improve programme services, impact assessment that measures how Better Work affects workers' lives, and evaluation of the business case for compliance with labour standards.

A small global team supports the ongoing development and roll out of Better Work. Its job is to develop and support country programmes. The team is also responsible at the global level for knowledge management, coordination, stakeholder engagement, ongoing quality assurance, resource mobilization, strategic management and policy advice.

At the national level: Better Work strives to create local, sustainable institutions that promote compliance with labour standards and industry competitiveness. In large markets, where the industrial base can support such actions, the aim is for Better Work country programmes to become independent and self-financing over time. Country programmes typically combine:

- Independent enterprise assessments and advisory and training services to support practical improvements through workplace cooperation.
- Stakeholder engagement promoted by a national Project Advisory Committee, through which government and employers' and workers' organizations contribute to project design and provide feedback on Better Work activities.
- Public reporting that presents aggregate non-compliance data from all participating factories in a Better Work country programme, and allows comparison across countries according to specific indicators.

Better Work country programmes work closely with existing IFC and ILO initiatives, particularly those focusing on capacity building in the private sector, public-sector labour administration and employers' and workers' organizations.

ILO/IFC PARTNERSHIP AND GOVERNANCE

INTERNATIONAL LABOUR ORGANIZATION (ILO)

The ILO has authority in labour issues through its tripartite membership, its development and substantive knowledge of labour standards, and its long-term technical assistance and engagement with member states. The ILO contributes to Better Work this critical experience in bringing governments and employers' and workers' organizations together to seek solutions that work for businesses and people.

INTERNATIONAL FINANCE CORPORATION (IFC)

The IFC brings to Better Work its investment networks and expertise in private-sector development. The IFC's contributions include its experience in the development and implementation of social and environmental standards, and its ability to scale up sustainable programmes.

GOVERNANCE

Better Work's strategic and operational goals are overseen by its Management Group, which comprises equal representation from ILO and IFC. The Management Group is guided by a global-level Advisory Committee, which includes representatives of donor governments, employers' and workers' organizations, international buyers and academia. The Advisory Committee meets just prior to the Management Group semi-annual meetings to provide strategic input to the programme's operations and expansion.



"The Project Advisory Committee is looking forward to partnering with the program to make it successful in achieving the project objectives: better labor compliance, better working conditions, more jobs for laborers, and increased productivity."

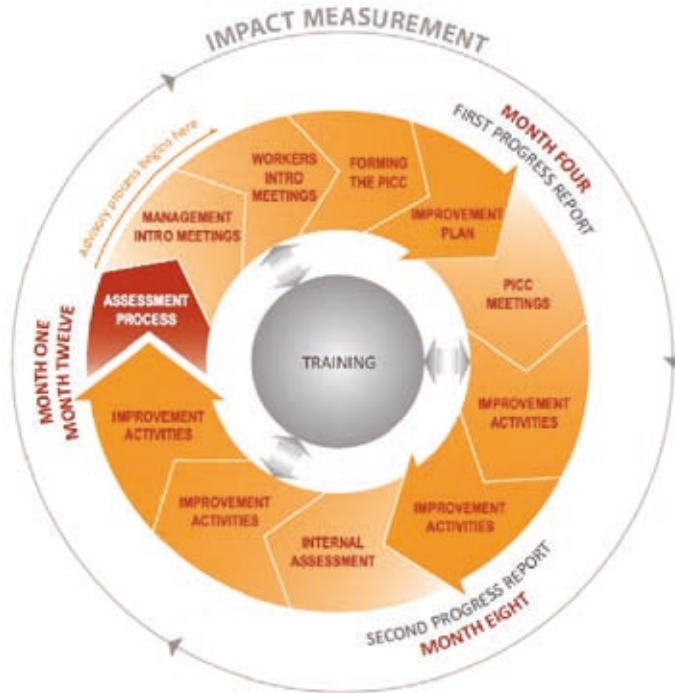
Nguyen Van Tien

**Chief Labor Inspector, Vietnam Ministry of Labor, Invalids and Social Affairs
Chair, Better Work Vietnam Project Advisory Committee**

BETTER WORK ASSESSMENT, ADVISORY AND TRAINING PROCESS CYCLE

ASSESSMENT

ADVISORY & TRAINING



PICC: Performance Improvement Consultative Committee

ENSURING INTEGRITY

The skills and reputation of Better Work enterprise advisors and trainers are critical to the success of the programme. At both global and national levels, Better Work is establishing rigorous, comprehensive training programmes for enterprise advisors and trainers, a support network and a professional development programme for these target groups. As part of their training and responsibilities, they learn to conduct their duties based on a strict ethical code of integrity, transparency, diplomacy and respect.

Additionally, Better Work's comprehensive ethics policy assures quality in the delivery of all services, and includes guidelines and rules for enterprise visits, as well as the preparation of reports and relationships with stakeholders.

SOCIAL DIALOGUE

Involving stakeholders—particularly government, employers' organizations and trade unions—in programme design and implementation is critical to building the consensus and partnership that make Better Work a success. In turn, the involvement of each participant in improving compliance with labour standards strengthens their respective investments in good worker protection and industry competitiveness in global supply chains.

Social dialogue underscores Better Work processes at all levels. The global Advisory Committee that provides input to the Management Group includes representatives of international workers' and employers' organizations, donor governments and international buyers to help ensure effective engagement in the programme.

At the country level, Better Work programme design takes place over a period of 6–12 months and involves the active participation of national stakeholders. Once operational, Better Work country programmes are advised by a tripartite Project Advisory Committee that includes representatives from the national government (usually the ministry of labour) and local employers' and workers' organizations, representing the sector or industry level.

"Better Work represents a significant breakthrough in raising labour standards... We believe it will be invaluable as it strives to improve the working conditions for people making our products."

Michael Kobori

**Vice President, Supply Chain Social and Environmental Sustainability
Levi Strauss & Co.**

MAKING A DIFFERENCE: MEASURING THE IMPACT OF BETTER WORK

Better Work has the potential to make a significant impact on the lives of workers and their families, on the performance of enterprises and on the economic and social development of countries involved. An important consideration of the Better Work programme is the high number of women working in the garment sector in participating countries, such as in Cambodia, where women account for almost 90% of garment industry workers.

Better Work analysis uses an evidence-based approach to roll out new country programmes and services. In addition, ongoing monitoring and evaluation, as well as impact measurement, ensure that the programme remains focused on the efficient achievement of its objectives.

MONITORING THE BETTER WORK PROGRAMME

To ensure effective operation and intended outcomes, Better Work monitors and evaluates key output assessment indicators in each country programme, including:

- Labour standards compliance rates at factory and industry levels
- Improvement in compliance over time
- Labour-audit costs saved
- Relationship with buyers

ASSESSING IMPACT

To analyze the causal links between Better Work interventions and outcomes for both enterprises and workers, the programme also tracks key development indicators, including progress toward the Millennium Development Goals, including:

Economic Development

- Export growth by value and volume
- Employment
- Wages

Human Development

- Worker household income
- Worker remittances
- Educational attainment
- Mental, physical and reproductive health

"Compliance with national labour law lies at the heart of labour and social improvement in a globalizing world. Better Work offers on-the-ground help to employers to comply...Through compliance, employers are able to improve their economic performance and access to global markets."

Brent Wilton
Deputy Secretary-General
International Organisation of Employers

WORKING WITH INTERNATIONAL BUYERS

The ongoing support and participation of international retailers and brands is one of the key success criteria of Better Work. Buyers need to be committed to the overarching objectives of the programme, actively engaged in its implementation and vocal in their support to other stakeholders.

SIGNING THE BETTER WORK INTERNATIONAL BUYER PRINCIPLES

One fundamental way that buyers support and engage with the programme is by signing on to Better Work's International Buyer Principles, according to which companies agree to: (1) participate consistently in the Buyers' Forum, (2) actively work toward strategic monitoring, including discontinuing auditing in areas being covered by Better Work, (3) actively encourage engagement by suppliers and agents (where applicable) in the programme, and (4) focus on improvement processes.

THE BUYERS' FORUM

The Buyers' Forum is a community of companies with supply chains in developing countries who have a shared interest in the Better Work programme and are committed to supporting innovative solutions to meet labour standards challenges.

International meetings: There are two global Buyers' Forum meetings each year, one in Europe and one in the United States, that provide an opportunity for buyers to provide critical feedback to Better Work. Meetings are also hosted at the regional level as needed.

Country-level meetings: National-level Buyers' Forum meetings, which are organized in programme countries around specific industries, give buyers the chance to provide input to the Better Work programme and to interact with national stakeholders (government, employers and unions).



WORKING WITH DONORS

Donor funding is critical to both global and national Better Work activities. These funds are used to launch new country programmes, adapt tools and develop targeted training services. In larger markets, where the industrial base can support such action, the goal of Better Work country programmes is to transition to local institutions that are self-financed on services-based cost recovery.

The following donors have supported Better Work country programmes: Canada, the European Union, Finland, Germany, Ireland, Italy, Japan, Jordan, Luxembourg, New Zealand, Norway, Sweden and the United States. In addition, Australia, the Netherlands and Switzerland have contributed to Better Work at both the global and the national level.* Four donor representatives (Australia, the Netherlands, Switzerland and the United States) sit on the Advisory Committee to provide input to the Management Group on, among others topics, public policy related to labour issues in global supply chains within the framework of Better Work's strategy.

Better Work encourages donors to support the programme through its multi-account, which pools funds from programme donors and allows Better Work to effectively channel financial support to programme components with funding needs. This enables Better Work to create synergies between different sources of funding and allows continuity of Better Work operations beyond end dates of individual donor agreements.

Better Work meets with donors on a semi-annual basis, in order to account for the use of public funds, discuss future projects and activities, assess possible synergies with existing government public/private partnerships in global supply chains, discuss public policy related to labour issues in global supply chains and present Better Work's impact related to indicators, including those that are relevant to governments' development aid policies, such as the Millennium Development Goals.

*Better Work has also received contributions from companies, beyond fees collected for programme services. These donations account for approximately 2% of the global budget.



"Here in Lesotho, Better Work underscored that all social partners are interdependent and their goals overlap. It is helping us move forward on a common vision."

Thabo Tshabalala
African Regional Secretary, International Textile, Garment and Leather Workers' Association

WHERE BETTER WORK IS GOING IN THE FUTURE

Better Work has activities underway in 9 countries worldwide. Established national programmes in Cambodia, Haiti, Jordan, Lesotho and Vietnam will soon be joined by programmes being rolled out in Indonesia and Nicaragua. In addition, scoping and feasibility studies are being undertaken in Morocco and Bangladesh.

Better Work is exploring expansion into other sectors as well, including electronics, agribusiness and tourism.



"Now the factories realize that for them to discipline themselves and also to deliver a better relationship between the employer and the employee, Better Work Jordan can play a very important role."

Attulah Edirisinghe

CEO

EAM Maliban Textiles (Jordan) Pvt. Ltd.

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