



BetterWork

Amplifying Impact

Better Work Strategy 2018-2022

A flagship programme of the UN's International Labour Organization, jointly run by the International Finance Corporation, a member of the World Bank Group



International
Labour
Organization



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EXECUTIVE SUMMARY

Better Work has proven that it is possible to simultaneously improve working conditions and boost competitiveness in the global apparel industry. A partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group (WBG), Better Work is building on its extensive experience and understanding of what drives change in supply chains to significantly scale its impact.

Better Work envisions a global garment industry that lifts millions of people out of poverty by providing decent work, empowering women, driving business competitiveness and promoting inclusive economic growth. Independent, validated research on our work has shown that there is no trade-off between improved working conditions and factory productivity.

During its next phase, Better Work will leverage existing and new partnerships to expand its impact from three to eight million workers and to 21 million family members. In addition, ILO and WBG will support garment producing countries to strengthen policies and the overall environment needed to ensure decent work and competitiveness and to drive positive outcomes on a much larger scale. This will be achieved through two areas of intervention.

INTERVENTION 1 is focused on influencing business practices in the global garment supply chain to:

Build on what works best in garment factories by focusing on services with the greatest value add, tackling the root causes of non-compliance, redoubling efforts to build worker-management dialogue, improving business competitiveness and strengthening the role of women.

Influence global brands and manufacturers to adopt the business practices that drive transformational change in labour conditions and competitiveness across their supply chains. Influencing global brands and manufacturers can impact supply chains beyond the garment sector and beyond those countries where Better Work has established programmes.

INTERVENTION 2 is focused on strengthening the enabling environment for decent work by:

Strengthening public institutions and advancing policies at the national level by leveraging ILO and WBG to improve the environment for decent work, business competitiveness and inclusive economic growth.

Influencing the global policy dialogue on decent work by providing credible data and evidence to influencers and policy makers concerned with decent work in global supply chains.

Activities under intervention 2 can impact public institutions and policies beyond the garment sector and beyond those countries where Better Work has established programmes.



Context

Aligned with ILO and IFC This document lays out a five-year strategy for Better Work and provides a framework for effectively coordinating ILO and IFC engagement in the global garment industry. As a Flagship Programme of the ILO, Better Work plays an important role in the Office's Programme of Action on Global Supply Chains, which aims to provide a coherent approach to constituents, stakeholders and donors in the garment sector. The strategy is also aligned with IFC strategic priorities, including environmental and social sustainability, development impact in fragile and conflict-affected states (FCS) and countries borrowing from the International Development Association (IDA countries), social inclusion and gender equality.

Supporting the SDGs ILO and IFC's vision for the garment industry is particularly relevant in the current global context, where the United Nations' Sustainable Development Goals – especially SDG 8 (Promote inclusive and sustainable economic growth, employment and decent work for all), SDG 5 (Achieve gender equality and empower all women and girls) and SDG 1 (combatting poverty) – have given renewed focus to issues which are at the heart of Better Work.

A global industry in need of change The garment industry creates a crucial opportunity to fight poverty by providing decent jobs that can offer an escape route for millions of people in the “bottom 40 per cent.” The industry provides formal employment to over 60 million workers worldwide, predominantly female, typically between the ages of 18-35, the majority of whom have migrated from rural areas for their first formal job. In some countries, garment production represents 70 per cent or more of total exports. However, as Better Work has documented, unless these garment jobs are quality jobs, the impacts on worker wellbeing, firm performance, and inclusive economic growth will not be fully realized.

Better for All: Impacts and lessons learned

The independent impact assessment of Better Work completed in 2016 demonstrates that working conditions have improved, firms have increased their productivity and profitability, and workers have experienced a marked rise in their wellbeing. Key learning includes:

Better Work works Factory-level evidence across all countries shows Better Work is having a significant and positive impact on working conditions such as abusive practices (forced labour, sexual harassment, and verbal abuse), weekly pay, contracts and working hours. The combination of services that Better Work provides, including monitoring compliance, facilitating social dialogue, and training, is critical in achieving these outcomes.

Empowering women is critical Better Work has decreased the gender pay gap by up to 17 per cent, reducing sexual harassment concerns by as much as 18 per cent, and increasing women's access to prenatal care by up to 26 per cent. Furthermore, women workers play a pivotal role in driving improvements: Having female representatives on factories' worker-management committees and training female supervisors are key strategies for achieving better working conditions and improving productivity.

Better Work is having a demonstrable positive impact on firm performance Factories in the programme have seen an increase in productivity by up to 22 per cent and an increase in profitability by up to 25 per cent. These figures are attributable to a reduction in turnover and injury rates, an increase in order sizes, and improvements in balancing production lines. Factories have also seen a reduction in duplicative buyer social compliance audits.

Improved job quality drives improvements in the lives of workers' families and communities Workers in Better Work factories are sending home up to 33 per cent more in remittances and there has been a shift in how these payments are used from debt repayment to investments in education, healthcare, and nutrition.

THE VISION

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Better Work strives for a global garment industry that lifts millions of people out of poverty by providing decent work, empowering women, driving business competitiveness and promoting inclusive economic growth.

THE OBJECTIVES

Better Work's strategy for 2018-2022 builds on learning and experience to date to widely scale up the impact of the programme.

Implementing the strategy will require leveraging the combined influence and competencies of the private and public sectors, including businesses in the supply chain, governments, workers, and employers. Better Work will implement programme activities in close coordination with the technical and field operations that have responsibility within ILO and WBG for relevant policy areas and managing national relationships.

6 INTERVENTION ONE

Business practices in the global garment supply chain

OUTCOME 1

By 2022, Better Work will have accelerated improvements in working conditions and business competitiveness through in-factory services.

Better Work will continue its strong focus on factory-level services. The programme will continue to grow the number of factories in Better Work, but will address limits to scale by deploying resources and services more strategically and efficiently.

AT THE FACTORY LEVEL, BETTER WORK WILL:

- ◆ Prioritize resources to tackle the root causes of poor working conditions, with a focus on improving occupational health and safety, curbing use of excessive overtime and the associated reliance on low wages, addressing precarious employment, supporting freedom of association and collective bargaining, and eradicating abusive practices such as discrimination, forced and child labour.
- ◆ Intensify work on effective and representative worker-management dialogue including ensuring workers representatives are freely elected, free from management interference and able to exercise their rights to freedom of association and collective bargaining and tackling discrimination.
- ◆ Strengthen our technical advice on enterprise productivity and profitability, working with skills specialists in the ILO to improve competency-based pay systems, work-based learning modules, and increased skills development and utilisation.
- ◆ Provide technical advice on the changing environment of work, including adapting to changing technologies and new business models. 1
- ◆ Open new Better Work country programmes where we can have the biggest impacts

TO ADVANCE GENDER EQUALITY AND WOMEN'S EMPOWERMENT WE WILL:

- ◆ Develop and implement a global gender equality strategy that mainstreams gender considerations into global tools and their application at country level.
- ◆ Strengthen the focus of factory-level services on issues of gender equality, including sexual harassment, discrimination, wages, reproductive health and maternity protection.
- ◆ Expand initiatives to build women's confidence, leadership and career opportunities through advisory services and training, including adapting IFC advisory tools that promote women's empowerment.

TO FURTHER EXTEND THE IMPACT OF FACTORY SERVICES THROUGH EXISTING AND NEW PARTNERSHIPS WE WILL:

- ◆ Expand access to finance through IFC's short-term sustainability-linked Global Trade Supplier Finance (GTSF), IFC medium-term financing to implement workplace improvements, and IFC long-term financing for factory upgrades, expansions, remediation, cleaner production and other improvements.
- ◆ Pilot approaches for reaching beyond Tier 1 garment exporters, including sub-tiers, subcontractors, and producers for the domestic market. This will include stronger ties with programmes such as ILO SCORE and other initiatives in the garment sector.
- ◆ Test new offerings to factories to improve environmental compliance and resource efficiency through IFC advisory services, and explore long-term partnerships with other organizations to deliver such services on an ongoing basis

◆ New topics highlighted with red bulleted points

RESPONDING TO TRENDS IN CONSUMER DEMAND

The rapid growth of middle-class consumers in developing economies has contributed to a doubling in the number of garments produced annually – now standing at 100 billion – since 2000.¹ Better Work will engage more intensively with global manufacturers, brands and retailers to encourage sustainable business practices in these markets.

DEVELOPING PARTNERSHIPS TO SCALE

Developing partnerships is key to delivering all aspects of the strategy. For example, collaboration with global business can extend the footprint of Better Work's methods beyond those factories in the programme (Outcome 2). Stronger collaboration between business, trade unions and the public sector can build accountability between them and the capacity of national institutions to govern labour markets (Outcome 3).

Better Work will actively support and influence initiatives that drive effective collaboration and reduce duplication in the industry. ILO will use its unique expertise on international labour standards and experience in the garment sector to support stakeholders in this initiative to develop a common framework for measurement of social and labour issues in the supply chain.

OUTCOME 2

By 2022, Better Work will have influenced global retailers, brands and manufacturers to establish business practices that promote decent work outcomes in supply chains.

Better Work will multiply its impact in garment value chains by encouraging global businesses, including brands, vendors, agents and transnational manufacturing groups, to adopt business practices that support decent work and build competitiveness. The programme will partner with global businesses and national constituents to create a shared vision for the industry that responds to the challenges it faces.

BETTER WORK WILL:

- ◆ Collaborate with Better Work brand and retail partners and their supply chain associates to identify business practices that promote good working conditions and increase competitiveness, considering indicators such as speed to market, quality, reliability and value.²
- ◆ This work will impact factories and industries beyond those in Better Work.
- ◆ Provide training and advisory services to buyers and manufacturers at the global level to help them drive improvements across their supply chains beyond Better Work factories. Ensure vendors, agents and large transnational supplier groups have an active voice in the Better Work programme and are able to replicate applicable Better Work approaches in their global supply chains.
- ◆ Explore avenues for engagement with growing e-commerce businesses, to reach e-commerce supply chains and customers.

RESPONDING TO SUPPLY CHAIN BUSINESS PRACTICES

Changes will continue in buying patterns, and these will impact the way garment production is organized. Prices for clothes have fallen relative to other consumer goods, and consumers in Western markets are keeping clothes only about half as long as they did 15 years ago. Procurement patterns have shifted in favour of smaller and faster production runs and put pressure on manufacturers' capacity to manage production and related issues such as working hours and safety. Some buyers are starting to consolidate their supply chains and take measures to ensure more stable global production. Better Work will collaborate with buyers, manufacturers and industry stakeholders to identify those supply chains practices which are most successful in driving improvements for workers and business in this changing environment.

INTERVENTION TWO

Influencing and strengthening public policies, institutions and practice at the national, regional and global level

Given the significance of the garment sector in the countries where Better Work operates, the industry provides a strong entry point to build stronger national institutions, strengthen public-private partnerships and address policy gaps. Through Better Work, the ILO, IFC and the World Bank will collaborate more closely on public policy and technical interventions that promote sustainable decent work outcomes in and beyond the garment sector.

OUTCOME 3

At the national level, ILO, IFC and WBG will have strengthened institutions and influenced policies that foster decent work and improved business competitiveness.

ILO and WBG will strengthen collaboration on complementary policies to support an environment that fosters decent work and competitiveness. ILO strengthens the capacity of national institutions, employer and worker organizations to improve the governance of labour markets in multiple ways, including through more effective law enforcement, industrial relations, and mechanisms for dispute resolution and minimum wage setting. WBG advises governments on strategies to create jobs, attract and retain investment and promote business and sector competitiveness. The IFC has recognized Better Work as a driver for quality jobs in a labour-intensive industry in which the organization facilitates financing.

This approach assumes closer alignment of policy advice to governments and joint plans in areas related to labour inspections, investment climate, trade, competitiveness and labour, including the WBG's Trade and Competitiveness interventions. Both ILO and WBG will create the internal coordination mechanisms, plans and resources necessary to ensure that multiple departments and field units responsible for the different aspects of policy advice are fully engaged and able to do so.³

**TO SUPPORT A BETTER ENVIRONMENT FOR
DECENT WORK, BETTER WORK WILL:**

- ◆ Work with national institutions and social partners to improve their ability to engage with the private sector and better understand and utilize available commercial incentives that influence business for stronger workplace compliance.
- ◆ Foster closer cooperation and joint actions plan between the private sector and national government agencies to improve labour market governance in sourcing countries. Collaboration may be focused on strengthening labour laws, providing capacity building to government agencies to more effectively exercise their enforcement authority and power to influence compliance.
- ◆ Make Better Work tools and approaches widely available to national partners and help adapt them for their use.
- ◆ Collaborate with the ILO's Bureaus for Employers' and Workers' Activities (ACTEMP and ACTRAV), the Fundamental Principles and Rights at Work Branch, the Gender, Equality and Diversity Branch (GED) and the Labour Relations and Working Conditions Branch (IN-WORK) to strengthen the capacity and ownership of employer and worker organizations in the areas of gender, compliance, constituent representation, social dialogue, collective bargaining and freedom of association.
- ◆ Make data accessible to stakeholders in all countries by publicly disclosing non-compliance findings to incentivize improvements by businesses and public authorities.

**RESPONDING TO TRENDS IN
TECHNOLOGY: PREPARING
CONSTITUENTS FOR THE FUTURE
OF WORK**

Technological change is likely to affect all stages of garment production, from design to market. Changes in the way raw materials are cultivated, and how clothes are designed, produced, marketed and distributed, are accelerating. A 2016 ILO study estimates that over 80 per cent of workers operating sewing machines in Vietnam and Cambodia, representing roughly 1.2 million people, are at high risk of losing their jobs to automation. Women are more likely to be affected by automation than men. Better Work provides workers and managers with vital skills necessary to upgrade product and job quality as a strategy to adapt to disruptive new technologies.

Better Work will support ILO and WBG to facilitate national-level policy dialogues on the future of work in the garment sector, including key industry trends such as the impacts of new technologies, and changing global supply chains and buying patterns. Authoritative research and policy options will inform dialogue between the private and public sector and provide more visibility into the future role of technology as driver for decent work and inclusive economic growth.

OUTCOME 4

Better Work will have influenced regional and global policy on decent work and the SDGs with its unique evidence base and proven examples of success.

The programme's unique research findings and data will be used to inform the global policy dialogue on the Sustainable Development Goals, particularly SDG 8 (Promote inclusive and sustainable economic growth, employment and decent work for all), SDG 5 (Achieve gender equality and empower all women and girls) and SDG 1 (combatting poverty).⁴

IN THE NEXT PHASE, BETTER WORK WILL:

- ◆ Undertake joint research with the ILO and WBG and make knowledge and data publicly and widely available for others to use. This includes thematic research to support the delivery of Outcome 3 for example, on trends in the changing environment of work and their implications for employment including for women.
- ◆ Undertake impact assessment in new areas that fill strategic knowledge gaps, such as the indirect impacts of Better Work on households including those of migrant workers.
- ◆ Draw lessons from Better Work evidence base for ILO and WBG to use in advocacy work with policy makers and influencers including those in other economic sectors.
- ◆ Convene seminars and conferences to promote the learnings of Better Work for the policy dialogue on decent work and the SDGs.

Driving Impact: The Better Work Approach to Change

The programme strategy is based on a model of change for the garment industry that lifts millions of people out of poverty by providing decent work, empowering women, and driving business competitiveness and inclusive economic growth. The Diagram at right illustrates the change strategies designed to achieve this goal with coordinated ILO and WBG interventions at the work-place, in the supply chain, in policy and practice at sectorial and national level, while also seeking to influence relevant policy in the global arena.

These interventions aim to impact more than 30 million garment workers and their family members lifting them out of poverty through decent work, empowering women, and through achieving business competitiveness contributing to inclusive economic growth.

As research cited above demonstrates, Better Work's in-factory services improve workplace compliance, which translates into greater worker wellbeing – and improved competitiveness of firms in the supply chain. Better Work collaborates with global retailers, brands and manufacturers to adopt the business practices that drive decent work outcomes and competitiveness across their supply chains, sharing lessons learned through our operations and our research.

To shape policy and practices at the national, regional and global levels, Better Work leverages the influence of its parent institutions. As described in Outcome 3, ILO and WBG have different but complementary roles in promoting inclusive economic growth and decent work. Closer cooperation to align policy advice and development cooperation will create more and better jobs. Both WBG and ILO also influence the global policy debate on decent work, trade and the SDGs. Better Work's evidence and experience can inform such debate by demonstrating in the global garment industry, that holding a quality job is a vector for broader economic and social development, especially for women.

AREAS OF INTERVENTION

Business Practices in Global Garment Supply Chain



In Factory Services

Compliance Assessments
Worker-management dialogue
Worker, supervisor and manager training



Influencing GSC actors

Scale up BW approach in non-BW factories and countries

Policy and Practice at National, Regional and Global Level



National level

Capacity building for labour inspectorates
Convening and facilitation of tripartite stakeholder meetings



Global level

Leverage ILO/IFC/WBG policy influence
Inform global policy debates with evidence
Harness public/private partnership ILO policy advice

OUTPUTS

Effective Dialogue between workers' and employers' orgs

Strengthened regulatory framework

Aligned ILO/IFC/WBG country-level strategies and policies

Aligned ILO/WBG global policy messaging on labour in GSCs

Higher compliance with CLS and national law

Stronger women's voice and representation

Women in leadership positions in factories

OUTCOMES

Sound industrial relations

Global policy framework conducive to decent work and inclusive growth

Enforcement through labour inspection

More gender equality

Increased worker wellbeing

Improved job quality

Higher worker income

Higher productivity and competitiveness

IMPACT



Ensuring Programme Sustainability

The 2018-2022 strategy aims to promote decent work and competitiveness in the global garment industry through increasingly sustainable delivery mechanisms. The strategy also aims to ensure the financial sustainability of the Better Work programme in the next 5 years.

Better Work will continue to provide factory-level services financed increasingly by the private sector. Changes to the service model and to the programme's pricing both move the programme strongly in this direction. The new pricing framework for Better Work which is being introduced in January 2017 is projected to recover 2/3 of all operational costs for delivering core services by 2021 and up to 100 per cent in large country programmes. Funding will also be sought through diversifying public-private partnerships and, at national level, from host governments.

At the same time, new interventions are needed to drive greater scale and sustainability of impacts. The focus of Outcomes 2 and 3 are to strengthen the ability of businesses and the public sector to implement conditions of decent work and reduce dependence on Better Work. The much higher level of ambition and longer term horizon set out in this strategy demand new skill sets in Better Work staff at both the global and national levels to support policy and coordination roles and an intensified engagement with brand and retail partners.

The strategy will require sustained funding support from both institutions and traditional development partners. Experience shows that the goals of Better Work align well with development partner interest in supporting inclusive and sustainable private sector development, including promotion of quality jobs and women's economic advancement in low-income and fragile countries. The IFC and ILO will collaborate to pursue new funding opportunities at the global and country levels to implement the 2018-22 Better Work strategy.

Closer integration of Better Work into existing Decent Work Country Programmes and with other ILO programmes will also enable Better Work to leverage more ILO resources. It will require at least doubling the IFC's current direct support and staffing for Better Work. The IFC will continue to leverage related programmes, such as those involved in resource efficiency, gender and financing, including Global Trade Supplier Finance (GTSF).





- 1** McKinsey, Style that's Sustainable: a new fast-fashion formula, October 2016, available on www.mckinsey.com.
- 2** Draws on research and data already collected by the ILO including Better Work impact assessment and IN-WORK's extensive survey of more than 2,000 suppliers and intermediaries on the link between purchasing practices in global supply chains and wages, working time, collective bargaining and other working conditions.
- 3** Effective coordination will be a key success factor in delivering this strategy. For example, within ILO, the relevant country office is responsible for coordinating engagement with constituents within the framework of a Decent Work Country Programme. The Regional Office leads on regional relationships and coordinates technical advice to country offices including all the relevant policy areas. Expert policy units at headquarters are responsible for key areas of policy including Wages, Working Hours, Freedom of Association and Collective Bargaining, Gender Equality, Migration and Refugees, Skills, Labour Administration and Occupational Safety and Health. All these units have indicated the relevance of their expertise and willingness to engage in coordinated technical assistance and some are directly engaging in the garment sector.
- 4** The strategy is also relevant to other goals including SDG3 on Good Health and Well-being, SDG10 on Reduced Inequality, SDG12 on Responsible Consumption and Production and SDG17 on Partnerships to achieve the Goal.



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