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Q1: Respondent details

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Q2: Country or Customs territory

AUSTRALIA

Q3: Organization

Public sector

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Q4: Title of case story

International Labour Organization Better Work Programme – Stage 3

Q5: Case story focus

Trade Facilitation.

Q6: Case story abstract

Improving trade facilitation, and building the capacity of the private sector, are two key objectives of the Strategy for Australia's Aid for Trade Investments. Australia is providing funding of US\$3 million from June 2016 to May 2019 to expand the International Labour Organization (ILO) Better Work Programme (BWP) in Indonesia, Cambodia, Vietnam and Bangladesh. The BWP helps improve labour standards and reduce gender discrimination in garment factories in developing countries, in partnership with the private sector.

The BWP programme works in over one 1,200 factories in eight countries, four of which are in the Indo-Pacific region. It engages over 65 garment brands and approximately 1.5 million workers, of which more than three quarters are women.

Q7: Who provided funding?

Bilateral donor

Q8: Project/Programme type

Multi-country

Q9: Your text case story

Improving trade facilitation, and building the capacity of the private sector, are two key objectives of the Strategy for Australia's Aid for Trade Investments. Australia is providing funding of US\$3 million from June 2016 to May 2019 to expand the International Labour Organization (ILO) Better Work Programme (BWP) in Indonesia, Cambodia, Vietnam and Bangladesh.

Launched in 2007, the Better Work Programme – a joint initiative of the International Labour Organization (ILO) and the International Finance Corporation (IFC) – has improved workplace conditions and promotes competitiveness in global garment supply chains. Participating in the programme has enabled factories to steadily raise compliance with ILO core labour standards and national legislation. A recent impact assessment of Better Work shows that factories' increased compliance has significantly upgraded working conditions while advancing productivity and profitability.

The Better Work Programme works at multiple levels and takes a holistic approach. Key components of the BWP include:

- training management and workers to improve awareness and practice of international and non-discriminatory labour standards and monitors compliance with standards;
- encouraging businesses to consider ways to improve women's participation and retention; and
- facilitating dialogue between key stakeholders within each business, and between these stakeholders and governments.

The Strategy for Australia's Aid for Trade Investments also recognises that aid for trade can empower women by helping them to participate fully and effectively in the workplace. Being able to work and earn monetary income is a strong force behind women's empowerment and decision-making both within and outside the household. Evidence from the BWP demonstrates that measures that seek to improve workers' skills, employment stability, working conditions, unemployment insurance and benefits — such as paid leave, including parental care and healthcare — is likely to greatly benefit women workers in these industries. In addition, the BWP has proven that improvements in working conditions, including the provision of healthcare and childcare for workers, in fact leads to improvements in productivity and an increase in the size of orders for the factory. Many multi-national firms support the program, sourcing only from participating factories, which reflects an increasing interest in the quality (including ethics) and sustainability of their global supply chains.

In coming years, Australia will be looking to increase the number of women in leadership positions within employee representative groups and in senior management positions; ensuring that violence against women, which impacts productivity, is addressed; and the provision of reproductive and sexual health services is available to all female factory staff.

Q10: Lessons learnt

The key lesson learnt from the BWP is that firm productivity and profitability goes hand in hand with improved workplace conditions. Participation in a scheme such as BWP is not a business cost, but a business opportunity. For example, the recently completed impact assessment from Tufts University found that firms participating in the BWP were:

- 22 per cent more productive through supervisory skills training
- 25 per cent more profitable (based on revenue-cost ratio)

Firms also enjoyed lower rates of turnover and injury rates, thereby helping to avoid unbalanced production lines (a situation where staff on the production line are not trained in other components of the line, thereby restricting overall output if a particular team member was absent).

Firms that also made progress on key issues, such as pay and working hours, typically saw an increase in order sizes from buyers. For example, in Cambodia, nationally in 1996, women earned nearly 40 percent less than men in Cambodia. By 2007, the gender wage gap had decreased to 17 percent. This trend accompanied the sharp growth in apparel exports that occurred after the implementation of the U.S.-Cambodian Bilateral Textile Trade Agreement and the establishment of Better Factories Cambodia to ensure compliance with labour standards.

While improved workplace conditions offer a clear business incentive, there are also strong spill over impacts for the women working in these factories. For example:

- Remittances – significant majorities of workers are sending their wages to their families, with trends in Jordan finding that families put this money into more productive use, such as health or education for children as opposed to debt repayment.
- Education – in Vietnam, workers in BWP factories are able to fund schooling for their daughters. A similar pattern was also reported for worker's sons in Indonesia. In Nicaragua and Haiti, there has been a decline in the number of workers reporting that their children are not in school due to financial constraints
- Health – there is a direct link between the BWP and a decrease in reports from workers of severe hunger. In Haiti, Jordan and Vietnam, access to pregnancy-related healthcare has significantly improved. Additionally, where parents (particularly mothers) achieved better working hours and pay, their children's health also improved.

Noting these significant results, US\$3 million to expand the BWP in Indonesia, Cambodia, Vietnam and Bangladesh represents excellent value for money.
