

PARTNERSHIP PROGRAMME ARRANGEMENT (PPA)
between
UK DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)
and
ETHICAL TRADING INITIATIVE (ETI)
2008-2011

Partnership Programme Arrangements (PPAs)

The Department for International Development (DFID) leads the British government's fight against world poverty. We work with many partners in order to achieve this, including civil society organisations (CSOs).

Partnership Programme Arrangements were established in 2000 to improve funding arrangements with 10 UK-based CSOs. They now provide unrestricted funding to 27 civil society organisations (CSOs) with which DFID has a significant working relationship, a common ethos and vision and a strong match in priority areas. These include both UK and non-UK organisations. Total funding amounts to some £90m a year.

PPA funding is linked to a set of strategic level indicators - which the organisation is accountable for delivering over the 3-6 year time frame.

Due to the unrestricted nature of these funds, PPA partners cannot apply for funding from the Civil Society Challenge Fund (CSCF) or Development Awareness Fund (DAF). PPA organisations may still apply for direct support from DFID country offices.

DFID and ETI PPA

DFID has had a PPA with ETI since 2006. The present PPA is a 5 year arrangement which started in 2006 and runs until 2010/11. During 2007, the overall PPA scheme and all PPA arrangements were reformed in response to NAO/PAC recommendations and DFID's recognition of the need for more effective and accountable PPA arrangements.

The following strategic objectives and specific, measurable performance indicators were developed in partnership between DFID and ETI to satisfy the requirements of the PPA reform and will be the basis by which ETI will be held accountable.

Annual self-assessments by ETI, against this set of strategic objectives and indicators, are required to demonstrate impact, accountability and value for money. Evidence of good corporate governance (which will include the organisations policies on child protection and gender equality) will also be required annually. Specific requirements in this regard will be clarified during 2008/09. ETI will also be required each year to detail measures put in place to publicly acknowledge DFID as a supporter and partner. End of arrangement evaluation processes will be discussed and agreed by the end of 2008. The cost of all evaluations and reports required will be met from the Contribution

PERFORMANCE FRAMEWORK

The following performance framework was developed in partnership with DFID. Mutually agreed amendments/changes to reflect changing priorities and development requirements can be applied throughout the term of the arrangement.

A system outlining the strategic engagement arrangements between DFID (including policy teams) and ETI will be developed soon. This can be adapted, to suit changing circumstances, throughout the lifetime of this arrangement.

ETI

Niche

The Ethical Trading Initiative (ETI) is an alliance of companies, trade union and non-government organisations that work together to promote the credible implementation of corporate codes of labour practice. ETI is widely recognised as the field leader in defining and disseminating corporate responsibility for promoting the rights of workers in global supply chains. ETI is a membership organisation which was founded in 1997 with the strong support of DFID.

ETI members share a vision of a world where all workers are free from exploitation and discrimination and work in conditions of freedom, security and equity. ETI's aim is to enable workers throughout global supply chains to secure their fundamental rights by ensuring that they are treated in accordance with national laws and international labour standards.

Purpose

To improve the incomes, working conditions and respect for the rights of millions of poor workers who are employed by suppliers of ETI member companies

Strategic objective	Indicators	Means of verification	Risks and assumptions
<p>1. ETI members individually and collectively demonstrate improvements in the observance of the labour rights and employment conditions of millions of workers.</p>	<ol style="list-style-type: none"> 1. A 10% increase in the number of improvement actions implemented by suppliers of ETI members against the standards of the ETI Base Code. 2. A demonstrable increase in the numbers of improvement actions implemented by suppliers of ETI members relating to wages and Freedom of Association and the Right to Collective Bargaining. 3. Over 10,000 supplier sites demonstrate improvement actions on working conditions in any given year 	<ul style="list-style-type: none"> ▪ Annual analysis of ETI corporate members' reports (as specified by ETI's corporate annual reporting framework) by independent data analysts show increases in numbers of improvement actions agreed between ETI members and their suppliers and confirmed as implemented (see appendix) ▪ ETI project reports and a minimum of two case studies showing how suppliers improve conditions for workers 	<p>ETI member companies continue to recognise the need to integrate ethical principles into their core commercial practices and make tangible advances in this area.</p> <p>Political conflict and changes in international trading regime makes it difficult to work in ETI priority countries.</p> <p>Internal conflict between ETI members slows down achievement of outputs.</p> <p><i>These risks are relevant to all the outputs below although not repeated.</i></p>
<p>2. More poor workers have greater awareness of their rights and are supported by civil society initiatives that help to realise them.</p>	<ol style="list-style-type: none"> 1. 5% increase in the use of ETI worker awareness tools by trade unions, NGOs, employers and ETI members. Baseline to be established from 2006/07 data. 2. 50% increase by 2009 in the number of workers that have attended ETI supported training activities designed to promote awareness of their rights and strategies to help workers realise them. Baseline figure established from 2005/06 activity. 3. Workers in target groups report ETI training and materials raised awareness of their rights 	<ul style="list-style-type: none"> ▪ ETI web download statistics¹ ▪ ETI publication distribution records in UK and supplier countries ▪ ETI training and project records ▪ ETI project documentation <p>Feedback from workers attending ETI training courses and a case study of actions taken by ETI members that help raise awareness of workers' rights</p>	<p>ETI can enable employers, trade unions and NGOs to work together on labour issues in each priority country.</p> <p>Civil society organisations make ILO core labour standards a priority issue and apply the ETI Base Code as a useful tool to progress their own agenda and to promote respect for fundamental labour rights</p> <p>Increasingly open attitude of global brands to work with trade unions and NGOs is maintained.</p>

Examples of activities

- ETI working through TU and NGO members will engage southern counterparts to (1) assess their capacity to engage business organisations on ethical trading issues and (2) design programmes that meet identified needs.
- ETI members implement capacity-building programmes with southern partners (may include providing training, materials, and examples of strategies used in similar industries in other southern countries)
- ETI corporate members and their suppliers work with southern trade unions and NGOs on initiatives that increase their access to workers.
- ETI will support co-operative working between industry stakeholders on initiatives that identify poor working conditions and develop local solutions to improve them.

Strategic objectives	Indicators	Means of verification	Risks and assumptions
<p>3. A growing number of businesses (north and south) are aware of ethical trade and take actions to ensure labour laws and standards are implemented.</p>	<ol style="list-style-type: none"> 1. ETI gains five new corporate members each year. 2. At least 75% of ETI corporate members reporting in any year demonstrate progress in applying the ETI's 5 principlesⁱⁱ of implementation across their business. 3. At least two case studies show that companies (north and south) are implementing ETI's good practice guidelines including guidelines of purchasing practices 4. ETI continues to receive at least 1000 requests from businesses for good practice guidelines in any one year. 	<ul style="list-style-type: none"> ▪ Published ETI membership list ▪ Annual analysis of ETI corporate members' reports by independent data analystsⁱⁱⁱ ▪ ETI project documents ▪ Feedback from users ▪ Examples of programmes, projects and actions taken/supported by ETI member companies that help to spread good practice guidelines ▪ ETI monitoring statistics: Requests received from businesses for good practice guidelines in any one year. 	<p>Companies see the human rights and business case for implementing best practice in ethical trade.</p> <p>Capacity building in Supplier Countries being sufficiently developed to take these actions</p> <p>ETI is not compromised by inactive members and that its membership rules ensure credible continuous improvement by all corporate members</p>

Examples of activities

- ETI will develop additional guidelines and procedures for international businesses and their suppliers.
- ETI member companies implement ETI guidelines including aligning their core commercial and ethical sourcing business practices.
- ETI will deliver a training programme to businesses and civil society organisations in the north and south.
- ETI will assess the performance of each corporate member each year, ensuring all members continue to improve.

Strategic objective	Indicators	Means of verification	Risks and assumptions
4. Improved legal protection for poor workers through building consensus for policy change between business, civil society and government	1. Civil society organisations in 2 countries report that participation in ETI facilitated engagement with government has contributed to improved legal protection for poor workers by 2009 with 2 more by 2011 ^{iv} .	<ul style="list-style-type: none"> ▪ ETI project monitoring reports ▪ Ministerial reports and government press statements on labour law issues ▪ Reports from civil society organisations to ETI or in the public domain 	<p>Trade unions, NGOs and businesses have a shared interest in promoting better law and better law enforcement.</p> <p>Limited national government resources for law enforcement</p>

Examples of activities

- ETI partners will seek co-operation (joint activities) with governments in order to effectively communicate legal rights to workers (for example information explaining basic rights distributed in suppliers' workplaces).
- ETI will facilitate exchanges between civil society organisations in different southern countries in order to share strategies and experiences.
- ETI members will use their influence (for instance as senior representatives of global companies and trade unions) to engage Ministers and senior government and industry figures on labour policy and legal protection for poor workers (for example major brands seek better government enforcement of labour law in Bangladesh in exchange for promises to continue sourcing from that country).

Strategic Objective	Indicators	Means of verification	Risks and assumptions
<p>5. ETI enables the private sector to participate effectively with the trade union movement and NGOs in support of DFID's objectives.</p>	<p>1. Annual feedback from 50% of ETI corporate members shows that ETI has enhanced their ability to engage with trade unions and NGOs in order to improve conditions for workers.</p>	<ul style="list-style-type: none"> ▪ Annual and interim review meetings with company members 	<p>As ETI Corporate membership grows, NGO and Trade Union capacity to engage with increasing numbers of companies may not be sufficient.</p> <p>NGO and Trade Unions continue to see voluntary codes of conduct as a viable strategy to bring about change for workers</p>

Examples of activities

- ETI maintains and facilitates structures through which companies, trade unions and NGOs can engage with each other and develop initiatives to improve working conditions (for example, quarterly meetings of members, a complaints procedure, conferences, seminars and projects to engage on key issues in the south).
- ETI will bring its members and other organisations together in order to standardise codes of labour practice and good practice implementation principles

Appendix 1 Notes on logframe indicators and means of verification

ⁱ This data includes quantitative data and a means by which ETI can identify which type of organisation is requesting the materials as well as a request for further contact information.

ⁱⁱ The five principles of implementation are: Commitment, Monitoring, Verification and Reporting, Awareness Raising and Training, Corrective Actions of suppliers and Management Procedures, Pricing and Incentives. A company's progress in implementing each principle is measured by assessing how far they have met 3-6 key performance indicators. In 2008, ETI is consulting with stakeholders to review the principles of implementation. If the principles are amended significantly, this may alter the data reported by members to ETI and require key performance indicators to be adjusted as in future years.

ⁱⁱⁱ ETI will use "pen pictures" to make this measurement – this is an agreed tool for assessing the management performance of ETI member companies.

^{iv} This indicator refers to "improved protection for poor workers" meaning changes in the law or better implementation of existing laws. Such engagements between civil society and government can stimulate enhanced enforcement of law through both government activity and that of private enterprise.

Note on High Level Objective 1 re; baseline for demonstrating improvements for Indicators 1, 2 and 3

Indicators 1, 2 and 3 are numerical measures based on statistics drawn from the independent analysis of members' annual reports to ETI. They seek to track the scale of improvement actions by ETI members.

- Indicator 1 baseline: in the baseline calendar year ending 2006, there were 39282 improvement actions counted in total (as opposed to 3600 improvement actions during 2003).
- Indicator 2 baseline: in the baseline calendar year ending 2006, 601 of the total improvement actions related to the ETI Base Code on Freedom of Association and 5929 related to actions on Wages

Because the range of membership is growing, it is helpful to view improvements in context. (For instance, as well as tracking the raw total of numbers of improvement actions, by noting changes in the types and range of companies implementing actions and the proportion of improvement actions tackling more difficult issues such as wages and freedom of association.)

Under Means of verification for High Level objective 1, the analysis of project reports and the collection of case studies on improvements in working conditions help to inform all three

indicators 1 to 3. For instance, case studies help illustrate detailed examples of what is implemented and achieved as improvement actions in the supply chains of ETI members.

Note on Case studies (referred to in Indicators 3, 6 and 9)

Case studies will be used to demonstrate achievement against HLOs 1, 2 and 3. Data collection for case studies will be carried out in a variety of ways, depending on the focus of the case study, the location of activities being described, and the individuals and organisations involved (as implementers and/or target beneficiaries of the activities). Methods will include review of documentation, discussion at project group meetings, telephone and face-to-face interviews (with members, partners, participants, beneficiaries, etc), questionnaire surveys (where appropriate), etc. Case studies will include quotes and evidence from workers and managers where relevant and possible.