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PCTP MIDTERM EVALUATION

Poor Communities and Trade Programme (PCTP)

Kenya

Monitoring and Evaluation Unit

INTERNATIONAL TRADE CENTRE

A SUBSIDIARY ORGAN OF THE UNITED NATIONS
AND THE WORLD TRADE ORGANIZATION

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ABBREVIATIONS AND ACRONYMS

| | |
|-------|---|
| BRICS | Brazil, Russia, India, China and South Africa Countries |
| CSR | Corporate Social Responsibility |
| EFAL | Ethical Fashion Africa Limited. |
| EFI | Ethical Fashion Initiative |
| EPC | Export Promotion Council |
| EPRP | Export-Led Poverty Reduction Programme |
| FLA | Fair Labor Association |
| FGD | Focus Group Discussion |
| ILO | International Labour Organization |
| ITC | International Trade Centre |
| M&E | Monitoring and Evaluation |
| MSME | Micro, Small and Medium-Sized Enterprises |
| MOU | Memorandum of Understanding |
| NGO | Non-Governmental Organization |
| PCTP | Poor Communities and Trade Programme |
| QC | Quality Control |
| RBM | Results-based Management |
| SIA | Social Impact Assessments |
| SOP | Standard Operating Procedures |
| TOR | Terms of Reference |
| UNEG | United Nations Evaluation Group |
| USD | United States Dollar |

A. EXECUTIVE SUMMARY

Nature of the Poor Communities and Trade Programme

The Poor Communities and Trade Programme (PCTP) brings together ITC's poverty reduction activities through promotion of trade for micro-producers from marginalized communities in developing countries. The aim is that of diffusing the use of an inclusive business model, which establishes long-term trade partnerships between international buyers and micro-enterprises.

The two major elements of the objective are to enable producers involved in the programme to become more competitive; and to reduce poverty. While this evaluation is a mid-term evaluation assessing the initial effects of a programme that started in 2009, these objectives are structural and their achievement can only be assessed in the longer run. Building competitive capacity internationally requires continuous progress in skills and a sustained flux of information and resources. Getting out of poverty compels beneficiary workers (the majority of whom are women) to invest into their households over a long period of time. Addressing structural changes raises a sustainability issue related to the matter of trade-related poverty reduction. ITC, by deciding to work on such elements, needs to adopt a long-term perspective to fully integrate the impact dimension.

The PCTP is a programme that has gathered much of attention and has built a high profile image in the trade and development arena with many articles in the major international press. The motto of the programme "not charity, just work" suggests its objective is modest and straightforward while in reality its ambition is huge. The programme made a bet on the capacity of poor workers in marginalized communities of developing countries to take advantage of the opportunities of globalization and reap the benefits of the highly profitable and competitive international fashion market. The business model is developed around the Social Enterprise serving as the management body at the field level coordination and management hub for all trade and production processes. The programme acts as an overarching framework for three Ethical Fashion Initiatives (EFI): the Kenya EFI (the follow-up of the Pilot Phase); the Ghana-Burkina Faso-Mali EFI (in development); and the Haiti EFI (to be developed). The programme is 'ethical' since all work accomplished by the beneficiaries respects the Fair Labor Association's (FLA's) code of conduct which is based on international labour standards.

Context of evaluation

Ideally, this midterm evaluation should pave the way for a final evaluation to be undertaken when the programme has completed in order to assess the effects of the intervention. It takes place at a very particular moment when the programme is moving from pilot mode with one intervention in Kenya, to a larger scale deployment mode implying a more complex and more risky playing field. The intention of this evaluation was to support management in this transition with two main purposes: (a) assess the initial impact on beneficiaries; and (b) provide an overview of the criteria for success in scaling-up its business model.

The evaluation methodology is based on a quasi-experimental evaluation design. In addition to using traditional data collection methods such as document review and interviews with key stakeholders, the evaluation team used surveys for the quantitative data collection and focus groups, direct observation and participative workshop as sources to collect qualitative information. To assess the impact of the PCTP on the beneficiaries, surveys were conducted with both beneficiaries and a control group (who had not participated in the programme). This permitted attribution of the differences between answers from the two groups to the programme. To conduct the survey, a sample from the population was used (305 respondents from the population of 1,143 beneficiaries) and matched with a control group (271 respondents, 89% of the beneficiary sample). In all, ten focus groups (of an average of ten individuals) were conducted in an informal setting to freely discuss themes and issues concerning the programme. Finally, a participatory evaluation workshop involved 25 key stakeholders, which enabled the evaluation team to take a broad view of the initiative. It provided stakeholders with an opportunity to present their perceptions and assessments of the EFI's activities and results.

Main findings

Generally, the present midterm evaluation indicates the following:

- The programme has developed an original and innovative approach with proven impact on poverty alleviation for its beneficiaries.
- This approach is worth being continued and deepened, with renewed and special attention placed on issues of sustainability.
- There is potential, justification and a need for scaling-up the business model to additional marginalized communities and to additional target markets. Within ITC, it is worth making it replicable and expanding it to other ITC programmes
- The complexity faced by the programme while changing of scale, implies a series of challenges and risks that deserve particular attention and required sustained support from ITC management.

Good practices

The evaluation has identified that the programme has been ice-breaking in the field of poverty alleviation using the benefits of international trade to fight poverty in developing countries:

- It has successfully provided for commercial and productive integration of inhabitants (in particular women) of disadvantaged communities into the value chain of the international fashion market. During the peak of the production of the 300,000 units, the programme hired 7,325 beneficiaries. After downsizing the programme, the total number of beneficiaries was reduced to 1,143; representing those with the highest skills who would improve the chances to meet international quality requirements. The *success factor* has been to identify the demand requirements of the fashion houses as the pivot point of the intervention. Supply issues (upgrading professional skills of poor community beneficiaries and implementing high quality production standards and disciplines) have been treated with the indispensable objective of selling products.
- It has enabled beneficiaries to earn higher income through their own work with observed levels of increased self-esteem. Most evidence shows that beneficiaries have used this increase in income to meet their household priorities (education, housing and health). The *success factor* has been to design, implement and continuously improve a progress measurement instrument that actually refers to the multidimensional aspects of poverty alleviation. The programme is encouraged to consolidate its Social Impact Assessment (SIA) methodology and make it available for other ITC activities.

Staying on course

During the scaling-up phase, sustainability concerns will be at the very centre of the programme's approach. Much of the success will rely on doing more of the same and on deepening the orientation of the pilot phase:

- Paying attention to poverty-related needs – The intervention has been correctly aligned on national poverty priorities. Beneficiaries (mainly women) have invested extra income to meet household expenses, while prioritizing their way out of the poverty trap. This suggests that poverty-specific needs must further be met before beneficiaries are in a position to invest and develop sustainable businesses, which is one aim of the programme. In terms of poverty, these progresses will continue being carefully monitored and supported.
- Targeting resources on beneficiaries – The programme infrastructure has successfully been built during this first period. As we move in the scaling-up process, the management system will require efficiency gains and higher economies of scale. ITC maintenance costs will have to be stabilized (or even decreased) through the transfer of management functions to the Social Enterprise in the field and increase of number and income of beneficiaries. Attention should

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intensify on enhancing the capacity of beneficiaries through training and on supporting micro-enterprises to become more self-sustainable.

- Focusing on business generation – In terms of revenue generation, it is important to continue the efforts to generate a more stable flux of orders for beneficiaries. So far, the ITC programme management team has had the merit to identify business opportunities and exploit them in practice (entrepreneurship). During the scaling-up phase, the priority will be to transfer specialized skills and knowledge of the fashion industry and personalized business contacts to the Social Enterprises so that the connection with this highly competitive market becomes more sustainable.

Meeting new challenges

A series of new challenges and risks are emerging as the programme is gaining in size and notoriety. The programme is faced with the scaling-up to additional countries with very different productive and market conditions. To address these challenges, emphasis will be put on pragmatism, stronger programme identity and sound finance. The programme is encouraged to plan actions to be implemented during the next scaling-up period, paving the way for programme evolution:

Market development

- The evaluation validates the focus on the creativity- and labour-intensive luxury goods high-margin ethical fashion market segment. The programme should redouble its efforts on branding consolidation.
- The programme is encouraged to consolidate market development for ethical fashion products, involving new markets in the BRICS countries and establish a steady online market.
- In terms of product development, efforts should be devoted to an application to access a database of accessories allowing to carry-out joint product development with the industry, by sharing design files and design ideas through the most common mobile devices.
- Strengthening identity is also important to protect the innovation generated by the programme through intellectual property to defend designs locally and internationally.

Transfer of responsibilities

- Mainly because of sustainability constraints, some functions should be transferred (out-sourced) to the Social Enterprise in Kenya (EFAL) as a “master” social enterprise for the full programme and some others related to the consolidation of the market dimension to existing social enterprises.
- This implies a transition period for transferring to them the needed managerial skills and market introductions, with due attention on progress measurement.
- However in the longer run, it is unwise for EFAL to become the sole coordinator of the programme. The programme should develop a scheme with legal features so as to enable Social Enterprises of each of the countries to join and avoid a specific enterprise to control while providing for long-term efficiency.

Programme management

- New investment requirements should be assessed and formalized into a financial plan.
- Because of its visibility and achievements, the programme should be in a favourable position to mobilize the resources necessary to meet the challenges related to the scaling-up. Fundraising should be innovative and mobilize non-traditional donors.
- As the programme consolidates its identity, it should seek higher participation of, and when possible higher prices for beneficiaries from fashion houses.

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- As the programme is scaling-up and more stakeholders with higher stakes are involved, risk mitigation is becoming more accurate; particularly in the case of reputability sensitive issues such as preventing child labour.
- The management structure should be adapted to this new complexity by consolidating the entrepreneurial component of existing programme management style, and promoting a flexible and effective management structure.

SUMMARY OF FINDINGS, ANALYSIS AND RECOMMENDATIONS

Table 1: Summary of Findings, Analysis and Recommendations

| Findings: identified problems/issues | Supporting evidence/examples | Recommendations and issues for consideration |
|--|--|---|
| Good Practices | | |
| <p>1. The programme has a positive impact on the beneficiaries in Kenya who are increasingly considered as a competitive edge by the fashion houses.</p> | <ul style="list-style-type: none"> • The programme started with non-skilled and discriminated individuals—mostly women—and gave them the needed skills to produce the highest level of luxury details demanded by the fashion houses, now comparable to what other artisans could do throughout the world. • Entrepreneurs in poor communities participating in the programme have been successful in producing high quality products respecting ISO 26000 production disciplines and quality standards. | <ul style="list-style-type: none"> • It would be highly relevant and advisable to expand the business model to other ITC programmes. |
| <p>2. The programme has successfully started to deal with structural aspects of poverty, linking producers in poor communities to the international market increasing their competitiveness. Addressing structural changes raises a sustainability issue related to the matter of trade-related poverty reduction.</p> | <ul style="list-style-type: none"> • The two major elements of the programme objective are to enable beneficiary workers to become internationally competitive; and to reduce poverty. While this evaluation is a mid-term evaluation assessing the initial effects of a programme that started in 2009, these objectives are structural and their achievement can only be assessed in the longer run. | <ul style="list-style-type: none"> • ITC, by deciding to work on trade-related poverty reduction aspects, needs to develop with other stakeholders a long-term programmatic perspective to fully integrate the impact dimension. |
| <p>3. The beneficiaries are very satisfied with the programme.</p> | <ul style="list-style-type: none"> • None of the 305 respondents answered that they were completely dissatisfied. On the scale from 1 to 4, the average of all answers is 3.5. This data points to the fact that in general, the beneficiaries are very satisfied with the program. • In all, 95.7% of the beneficiaries are 'mostly' or 'completely satisfied'. | |
| <p>4. The programme has a positive impact on the average monthly income for the beneficiaries.</p> | <ul style="list-style-type: none"> • The PCTP beneficiaries earn 7.5% more in terms of monthly income than the control group. This figure suggests the programme has produced a positive income shock. | |

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| Findings: identified problems/issues | Supporting evidence/examples | Recommendations and issues for consideration |
|---|---|---|
| <u>Paying Attention to poverty-related needs</u> | | |
| <p>5. The programme has been correctly aligned on national priorities on poverty reduction. Data suggests that poverty-specific needs must further be met before beneficiaries are in a position to invest and develop sustainable businesses, which is one aim of the programme</p> | <ul style="list-style-type: none"> Beneficiaries (mainly women) have invested extra income to meet household expenses, while prioritizing their way out of the poverty trap. Data shows that there is no impact of the programme on desiring a loan to build a business. | <ul style="list-style-type: none"> The programme is encouraged to continue paying attention on poverty alleviation, while keeping focus on business generation. |
| <p>6. The programme helped beneficiaries learning how to manage their personal finances</p> | <ul style="list-style-type: none"> Data from the survey demonstrate that participating in the programme has favoured the ownership of a bank account: 52.8% of the beneficiaries own a bank account where 35.4% of the control group does. 74.4% of beneficiaries now save compared to the first SIA whereby a majority of the beneficiaries (64%) do not save. | |
| <p>7. The Social Impact Assessment (SIA) methodology developed by the programme is the result of many efforts. It is important because it ensures a regular monitoring of impact and results in terms of poverty. This tool is also useful to make informed decisions focused on poverty-related needs as well as take corrective actions during the course of the project.</p> | <ul style="list-style-type: none"> The SIA has been used eight times by the programme on the same number of orders. It has been improved continuously through a series of workshops for the occasions, regrouping stakeholders to discuss its content. | <ul style="list-style-type: none"> Further adapt the SIAs to the different socio-economic production-related constraints or conditions that prevail within the marginalized communities (urban, peri-urban, and rural). <ul style="list-style-type: none"> Explore methods that assess the socio-economic productive calendar of the vulnerable communities involved in the programme and use this to compare with the seasonality of the fashion industry. It is recommended to consolidate the impact assessment methodology: <ul style="list-style-type: none"> Include macro analysis every three or four orders to extract lessons learned and recommendations for the improvement of the programme implementation. Use control groups. Centralize the data collection on all similar programmes and share the knowledge with the representatives from these programmes. |

| Findings: identified problems/issues | Supporting evidence/examples | Recommendations and issues for consideration |
|---|--|--|
| <u>Targeting beneficiaries</u> | | |
| <p>8. It was determined that the total number of direct beneficiaries was 1,143.</p> <p>The programme has invested in the development of the management systems during the past two years. Because of this, the administrative/operation cost ratio of the programme is higher during this initial phase of the programme than it should be at the end of the programme.</p> <p>In terms of efficiency, the high administration cost/operational cost ratio is justified by relevant contextual factors and the potential issue is alleviated by the fact that the programme has had an interesting positive impact on the beneficiaries.</p> <p>Within beneficiaries, once the management structure is set up and capacities are built at the social enterprise level, the focus on the production units, where the majority of the targeted population is, is the priority in terms of support.</p> | <ul style="list-style-type: none"> • During the peak of the production of the 300,000 units, the programme hired 7,325 beneficiaries. After downsizing, a total of 1,143 individuals with the highest skills were selected to improve the chances to meet international quality requirements. • Management systems take time to develop and plan for; e.g.: the SIA have been developed on the basis of extended consultations with relevant stakeholders, such as among others individuals from the academic world and involved beneficiaries. • In October 2012, 63% of the total programme's budget had been used (the programme is to be implemented between April 2011 to December 2015). Of this 63%, almost 76% were salaries and travels. The 2012 budget demonstrates that 64.76% of the money disbursed was mostly operational. • Some beneficiaries working at the social enterprise have received financial support to undertake college or university studies (from the social enterprise, not from the programme budget) which are linked to the jobs they do for the programme. | <ul style="list-style-type: none"> • Now that the management systems are in place and that their use and implementation are planned in a programme's Workplan, it is recommended to: <ul style="list-style-type: none"> ○ make sure the focus of resources of the programme's budget is used to reach operational results for the beneficiaries (local market development, trainings on business skills) besides investment requirements; and ○ expand on the number of beneficiaries. • More focus to be given to supporting micro producers in running a self-sustained business: <ul style="list-style-type: none"> ○ Priority on train the trainer" type support for the social enterprise's representatives for it to be able to build the capacity of the production units including when there are no orders; and ○ Use of social enterprise-linked trust fund to develop the skills of women to regularize the situation and help women empower themselves by learning skills which are better paid. |

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| Findings: identified problems/issues | Supporting evidence/examples | Recommendations and issues for consideration |
|---|--|---|
| <u>Focusing on business generation</u> | | |
| <p>9. A lot of the successes of the programme are related to market knowledge and entrepreneurship. It is important to continue the efforts to generate a more stable flux of orders for beneficiaries. While this function relies on few ITC representatives, it is important to strengthen this function for beneficiaries.</p> | <ul style="list-style-type: none"> Building the needed trust to ensure that fashion houses as clients will buy the ethical fashion products the programme sells necessitates specialized skills in and knowledge of the fashion industry and a personalized business contact with the fashion houses' buyers. These characteristics are at the moment concentrated in the ITC management. | <ul style="list-style-type: none"> It is recommended that the transfer operation from the programme to the social enterprise concentrates the needed efforts to make sure the national social enterprise's representatives are empowered to <ul style="list-style-type: none"> Take over the business relations with the international fashion houses, Support the social enterprise for it to be able to develop new and larger markets in which to sell the ethical fashion products as it will bring more orders more regularly for the beneficiaries |
| <p>10. The fashion industry is cyclical (orders come in seasonally). This creates biannual arrival of orders for the programmes beneficiaries, which in turn affects their income as they don't work continuously during the year.</p> | <ul style="list-style-type: none"> One of the main statements received by the programmes' beneficiaries during the focus groups discussions is that they would like to receive more orders to work on more regularly. The production units work on orders when they come in; when they do not, there is less work for them. | <ul style="list-style-type: none"> In terms of market diversification and consolidation, it is recommended that the programme supports the beneficiaries in the attempt to increase sales in the national and regional markets to sustain a more regular flow of work. It is also recommended that the ITC and Ethical Fashion Africa Ltd. (EFAL) add new buyers and where possible through strategic partnerships with the fashion houses and develop an e-commerce strategy to reach more clients. As programme branding consolidates, it should also seek higher prices for the beneficiaries, when possible. |
| <u>Market Development</u> | | |
| <p>11. Now that the Ethical Fashion Initiative (EFI) has acquired credibility; that its first social enterprise is set up and running and that it has a story, it is ready to step up onto the brand level which is one of the most important action it must take to capitalize on what has been done and to scale up.</p> | <ul style="list-style-type: none"> Branding is essential to focus the energy of the programme, to differentiate and captivate. A good branding is what makes the difference between weak programmes and the winners. All the successful brands with which EFI works are heavily branded. | <ul style="list-style-type: none"> The experience in Kenya should be capitalized and used in other social enterprises to obtain higher economies of scale. It is recommended to work in 2013 with a branding agency and put all the work and vision which has been created so far into a clear branding at the programme level and at the social enterprise level. |

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| Findings: identified problems/issues | Supporting evidence/examples | Recommendations and issues for consideration |
|--|--|---|
| 12. Above and beyond the products, what the Fashion houses are seeking is a library of creativity, which the programme intends to promote through the use of an app that will run on all major tablets and smart phones and which will be used for product development | <ul style="list-style-type: none"> Like music, (iTunes), for information (Google or Wikipedia) for the articles (Pinterest) or personal profiles (Facebook) it is not only about what a brand sells but the library it creates. | <ul style="list-style-type: none"> In 2013 and 2014 create an application to access a database of accessories allowing to carry-out joint product development with the industry, by sharing design files and design ideas through the most common mobile devices. |
| 13. In terms of demand, too much dependence on the OECD country markets could likely lead to very modest spending on luxury items in main markets in the world. | <ul style="list-style-type: none"> The BRICS now account for 11% of the total Fashion / luxury sales, which should be at 16% in 2017, hence a development of 78% in real value terms. | <ul style="list-style-type: none"> Consider establishing the next social enterprises or similar partnerships in Brazil and Asia since the demand for Fashion goods is expanding fast in the BRICS countries |
| 14. Concerning intellectual property, new designs are not protected yet. | <ul style="list-style-type: none"> As the market becomes global it is very important to protect each new design locally and internationally. | <ul style="list-style-type: none"> Innovation generated by the programme through intellectual property should be protected locally and internationally. At the local level, each social enterprise could have an intellectual property local lawyer to protect the designs. |
| 15. Environment: Beneficiaries are more prone to use recycled material in line of work than the control group individual. | | <ul style="list-style-type: none"> It is recommended that the EFI define in 2013 what each social enterprise has to do (positive impact) on its environment, (and so for the empowering possibilities and sustainability of trade) for these communities. |
| <u>Transfer of responsibilities</u> | | |
| 16. The social enterprise has received much attention since the programme's implementation has started. This has been a key success factor as the institution has a determining role in the sustainability of the programme. | <ul style="list-style-type: none"> The social enterprise has quickly grown in infrastructure size and number and in staff. | <ul style="list-style-type: none"> Mainly because of sustainability constraints, some functions should be transferred (out-sourced) to the Social Enterprise in Kenya (EFAL) as a "master" social enterprise for the full programme and some others related to the consolidation of the market dimension to other existing social enterprises. |

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| Findings: identified problems/issues | Supporting evidence/examples | Recommendations and issues for consideration |
|--|--|---|
| <u>Programme Management</u> | | |
| <p>17. Once the marketing efforts brought on by the ITC reach their goals and sensitize the customers, the sales of ethical fashion products of the fashion houses will go up.</p> <p>Since the programme is based on generating business, entrepreneurship is an indispensable quality for programme managers. However, they are using public money for which ITC is accountable and they must comply with ITC rules.</p> | <ul style="list-style-type: none"> The programme has successfully proven that workers (in particular women) of disadvantaged communities can be credible and competitive in the international fashion market value chain. | <ul style="list-style-type: none"> Once the ethical fashion movement in the international fashion market is developed, the fashion houses should start increasing their involvement in and contribution to the programme and more so in the marketing activities. |
| <p>18. Culture of innovation: The scale up of the programme is not supported enough by the organization</p> | <ul style="list-style-type: none"> We have observed some tensions between the entrepreneur and the administrative populations involved in the project or interviewed. | <ul style="list-style-type: none"> It is recommended to develop: <ul style="list-style-type: none"> A culture of innovation and entrepreneurship inside the ITC in 2013. This could be facilitated by external innovation exports. Base continuous innovation on professionals working at the limit between entrepreneurs and programme managers (concept of “intrapreneurs”); and Develop and implement an “intrapreneur”-specific performance measurement framework adopted for the work done by the entrepreneurial programme manager(s). |
| <p>19. As the programme scales up and gets more and more well-known it is important to mitigate reputational risks.</p> | <ul style="list-style-type: none"> Adverse reputational effects would be extreme in case of an emerging issue in the wide supply chain. | <ul style="list-style-type: none"> It is recommended to continue conducting due diligence on partners involved in the programmes and implementing ILO/FLA work standards. In addition, it is recommended adopting an effective risk mitigation control system in the wider supply chain, particularly to ensure that there is no child labour used. |

B. EVALUATION REPORT

1. INTRODUCTION

1.1 Background and Context

From Pilot Project to Programme

The Ethical Fashion project was implemented by the International Trade Centre in Kenya and Uganda as a pilot project, from 2007¹ to 2010. The project's rationale was to connect the beneficiary countries' micro-entrepreneurs (also called micro-producers) working in different and sometimes indirect sub-sectors of the fashion industry with the international western fashion market. This was accomplished with the support from a social enterprise based in Nairobi, Kenya. The pilot phase started off with a substantial order from a large distributor. The size of the order contributed to increase the number of beneficiaries initially planned to be involved in the pilot project. Hence, the pilot phase hired both Kenya and Uganda beneficiaries. At the time, there were no management systems per se; the project was a pilot and was implemented through a "trial and error" process.

In 2010, the *pilot phase*² of the project ended and senior management at ITC approved the 'institutionalization' of the project and its rationale into a programme called the Poor Communities and Trade Programme (PCTP). The outline of this programme was determined in documents such as *The Poor Communities and Trade Programme: Programme Summary*³ produced in February 2011, and the *PCTP Workplan* developed in 2010⁴. According to the latter, the programme was to be implemented from April 2011 to December 2015. The main idea behind the institutionalization of the programme was *first* to develop the required management systems. Because the pilot phase started off with a large order, the project had to downsize when it eventually was to end. The main lesson learned from the pilot phase was that management systems were needed to ensure that balance was reached between the quantity of orders and the capacity of the programme to respond in terms of human resources.

The PCTP acts as an overarching programme for three Ethical Fashion Initiatives (EFI): the Kenya EFI (the follow-up of the pilot phase); the West-Africa EFI (including Ghana, Burkina Faso and Mali), and the Haiti EFI.

The Business Model of the PCTP

The targeted beneficiaries of the PCTP are mainly women micro producers (about 90%), who normally work in the informal economy. Through the business model and the business infrastructure created by PCTP, these targeted beneficiaries are organized into microenterprises (self-help groups or individual companies) that constitute the basis of a network of production units. To coordinate this network, the ITC has created a business infrastructure (see figure 1) based on a social enterprise, which acts as a coordination and management hub for all trade and production processes. Through this social enterprise, the ITC also supplies capacity building (in the form of on-the-job training) to micro producers. It is therefore the heart of an infrastructure, which locally facilitates business processes for micro producers. The social enterprise receives technical assistance (mentoring and coaching along with capacity building) from ITC staff. It constitutes the central institution of the field activities for each order received by the fashion houses through the PCTP.

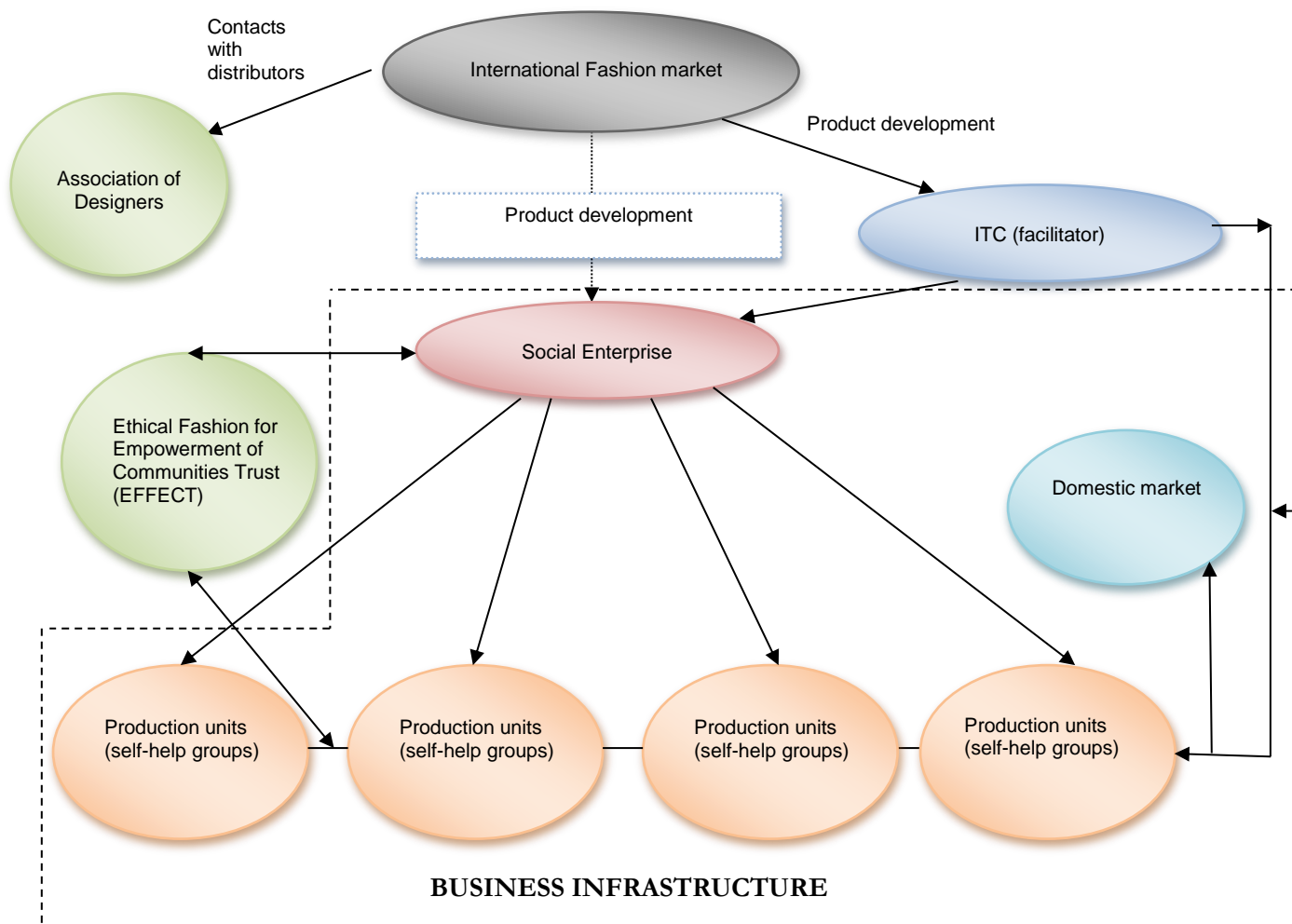
¹ International Trade Centre. July 2012. *Evaluation Terms of Reference: Poor Communities and Trade Programme*. p.4

² It is important to note that in the text of the evaluation report, when sentences and expressions are written in italic, either they are document titles or they represent an important statement for the section and sub-section they are embedded in; when in a footnote, the italic text represents the title of a document.

³ ITC, PCTP. February 2011. *The Poor Communities and Trade Programme: Programme Summary*. Geneva, 40 p.

⁴ ITC, PCTP. 2010. *PCTP Workplan 2010*.4 p.

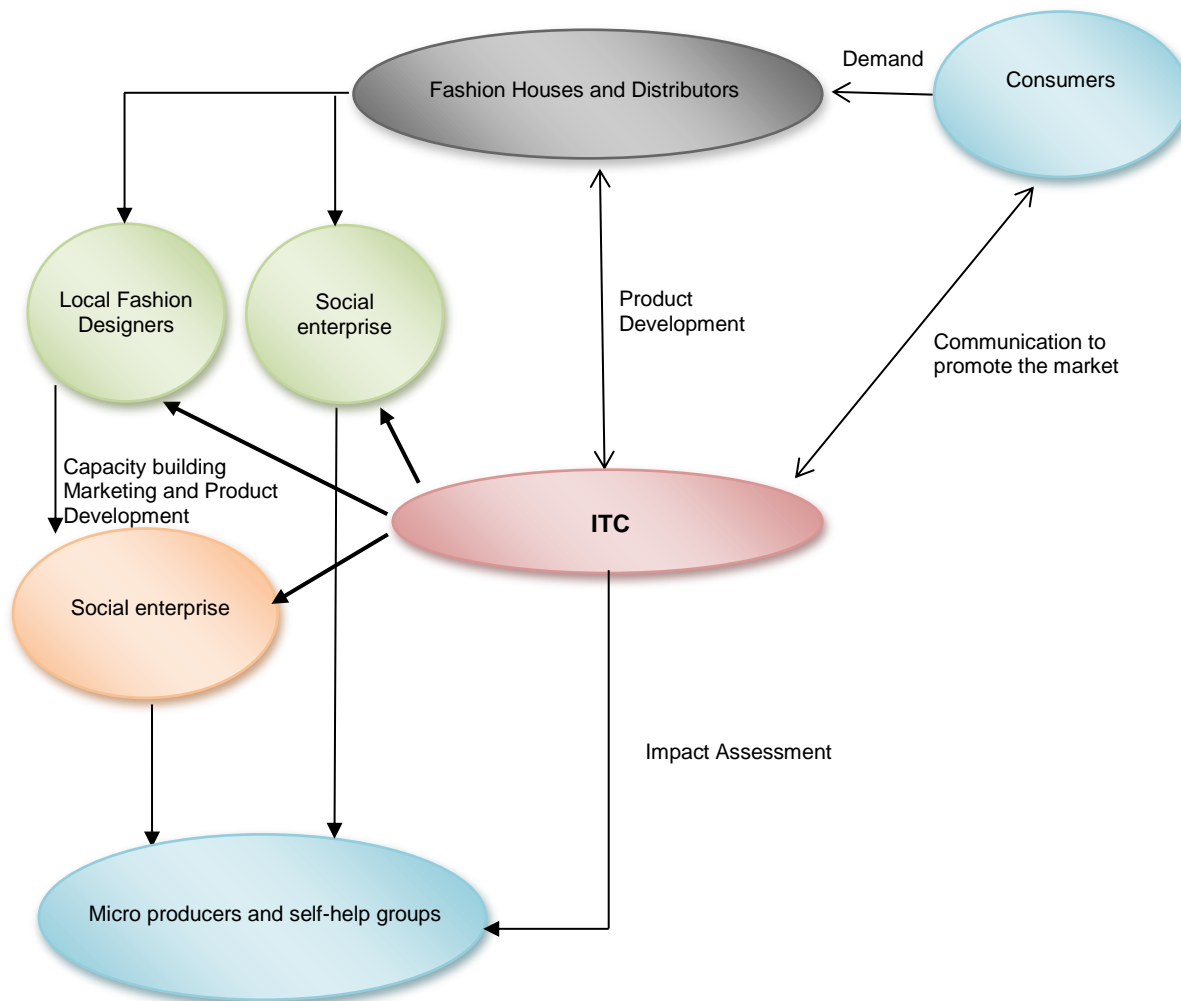
Figure 1 Business infrastructure framed in the business model



The wider business model (see figure 2) enables this infrastructure (the network of micro-producers it manages and facilitates) to be connected to international buyers of fashion. The advancement and changes in the globalized fashion market has created a demand for lines of ethically sourced products with clear stories of development and social responsibility to support them. This is why, through a mix of activities of communication, market and product development, the programme enables the buyers to develop new lines of products (and the related marketing) in Africa. The design inputs are generated by the buyers (fashion houses) with the assistance of the PCTP, through a product development system that enables them to work on the basis of the skills, techniques and materials available locally. In order to make the programme sustainable in the long-term, the model has been recently opened⁵ to the involvement of local designers, who are connected with international buyers and distributors. What local designers bring to the model are local creative inputs, which in the long-term strengthen the domestic market dimension of the model. The business model is based on a niche market (fashion) that also has a sales dimension in domestic and regional markets in Africa as well as the rest of the developing world.

⁵ This evolution happened while developing the Ghana chapter of the programme. In West Africa, the design scene is much more vibrant and internationally active than in eastern Africa. This fact allowed the management of the programme to plan the inclusion of designers in the application of the model to the region.

Figure 2: Business model



In terms of the business infrastructure that operates the local end of the general business model; ITC assists the social enterprises and the designers (grouped in an association) through marketing, product development and capacity building activities. In doing so, ITC develops strategic partnerships with the international fashion houses⁶ and distributors. Throughout the implementation of the programme, the managerial skills of the social enterprises’ representatives and of the designers’ associations are developed, in order to facilitate the process of taking over the task of linking micro-entrepreneurs to the international fashion market.

When the social enterprise receives an order from an international fashion house, or from the association of designers (who have developed it with international buyers or for their domestic markets), using the profiles from the different production units, it sends a purchase order to the relevant self-help groups. Once the products are finalized at the production units level⁷—usually, different elements of the finished products—they are shipped to the social enterprise where each piece is assembled for the finished product. After the finished products’ quality is controlled at the social enterprise, it is shipped to the fashion houses where another round of quality control (QC) is done before they are sold to customers as ethical fashion products.

⁶ To ensure objectivity of the evaluation report, as well as anonymity, no fashion house names will be used in the present document.

⁷ It is important to note that they have received technical assistance and supervision, along with materials and advance payments to achieve them

The production units are trained through the social enterprises in terms of both technical and business skills. Thus, by participating in the programme—which helps them structure the work they accomplish for the fashion houses—the beneficiaries are withdrawn from the informal economy and brought into the formal economy. “Structuring their work” means, among other elements, bookkeeping at the production unit as well as at the social enterprise levels and taxpaying for the beneficiaries. Standard operating procedures (SOP) to manage the programme’s business infrastructure—coordination of the social enterprise’s work and its links with the micro producers—have been designed and produced by ITC staff in the field and at headquarters.

The programme is ‘ethical’ because all work accomplished by the beneficiaries respects the Fair Labour Association’s (FLA’s) code of conduct which is based on international labour standards. In addition, all SOPs and the policies developed to operate the business model are based on the ISO 26000 norms. ISO 26000 “...provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society⁸.” Thus, these workers are fairly paid, work regular hours in a controlled and safe working environment, have access to sanitary infrastructure, etc.⁹.

To better understand the first main section of the report (the impact assessment of the intervention, also referred to as Purpose 1) it is important to know that for the Kenyan EFI the social enterprise is called Ethical Fashion Africa Ltd. (EFAL) and also commonly called the Hub (physical workshop where EFAL operates).

1.2 Purpose and Objective of the Evaluation

As indicated in the Terms of Reference (TOR) developed by ITC, the two main purposes of the midterm evaluation of the Poor Communities and Trade Programme (PCTP) are as follows¹⁰:

- **Explore and confirm the actual impact of the PCTP business model on poverty reduction.** The evaluation will assess the economic and the social impact the programme has generated for micro producers and their communities in Kenya. The evaluation will also explore what effects the programme has had on poverty as defined by the United Nations (UN)¹¹. The evaluation is expected to play a critical and credible role in supporting accountability to donors and beneficiaries of the Poor Communities and Trade Programme (PCTP) by demonstrating impact for beneficiaries;
- Provide support, on the basis of the experience of Ethical Fashion project in Kenya, and of the current process of scaling it up in Ghana, Burkina Faso, Mali, and Haiti, in order to **draw lessons and build up a management model** that ITC can use with the aim to **replicate the experience of PCTP** in other contexts.

1.3 Scope of the Evaluation

The midterm evaluation is divided, based on the two above-mentioned purposes. The first purpose focuses on 1) assessing the structure created by the PCTP programme in order to manage its business model; and 2) the economic, social and, to a lesser extent, the environmental impact the Kenyan Ethical Fashion Initiative (EFI) has had on the programme’s beneficiaries (workers from marginalized communities and their households) using impact assessment methodologies (see Section 1.4 below). This

⁸ ISO. Online. Site last visited 20 November 2012. <http://www.iso.org/iso/home/standards/iso26000.htm>

⁹ Fair Labor Association, ITC. July 2012. *Ethical Fashion Africa Project Update*. Geneva, 25 p.

¹⁰ The following information has been directly taken from the ToR. International Trade Centre. July 2012. *Evaluation Terms of Reference: Poor Communities and Trade Programme*. p.5

¹¹ Poverty is “...a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation.” UN ESC, Statement of commitment of the Administrative Committee on Coordination for action to eradicate poverty, 22 June 1998, E/1998/73.

purpose of the midterm evaluation: “...concentrate[s] on supply-side issues of the PCTP business model related to micro-entrepreneurs¹²” and less on the demand-side.

From the midterm evaluation’s preliminary findings—derived from document review, interviews, surveys, focus groups and direct observation—lessons learned and recommendations are distilled which are then used to develop the second purpose of the mandate. Purpose 2 addresses the scaling-up of the business model of the Kenyan initiative to use in similar EFIs embedded in the PCTP in other countries. The scaling-up will also eventually serve for the implementation of other similar ITC projects and programmes. At the time of the evaluation, an EFI in West Africa was in its initial stages. Thus, the mission to Ghana (11-13 November 2012) particularly served this second purpose of the mandate, as it is an example of adaptation of the business model to a context other than Kenya. In addition to taking into account the whole evaluation process—including the supply-side of the PCTP business model—the second purpose also focuses on the demand-side.

1.4 Methodologies Used in The Evaluation¹³

The evaluation strategy used during the mandate, allowed for the evaluation questions presented in the ToR to be fully addressed in a timely manner, using an independent, participative and professional approach. The methodological principles guiding the evaluation process are: Participative Evaluation; Information Triangulation; Participative and Iterative Management; and Application of Knowledge.

In addition to using traditional data collection methods such as document review and interviews with key stakeholders, the evaluation team used surveys for quantitative data collection, while focus group discussions, direct observation and participative workshop were used to collect qualitative information. To assess the impact of the PCTP on the beneficiaries, surveys were conducted with both beneficiaries and control group individuals (who had not participated in the programme). This permitted the attribution of differences between answers from the two groups to the programme. To conduct the survey, a sample from the population was used (305 respondents from the population of 1,143 beneficiaries) and matched with a control group (271 respondents, 89% of the beneficiary sample). In all, ten focus groups of an average of ten individuals were conducted in an informal setting to freely discuss themes and issues concerning the programme. Finally, the participatory evaluation workshop involved 25 key stakeholders and enabled the evaluation team to take a broad view of the initiative. It provided stakeholders with an opportunity to present their perceptions and assessments of the EFI’s activities and results.

- **Participative Evaluation:** As the TOR notes: “According to [United Nations Evaluation Group] (UNEG) guidelines, evaluations should be carried out in a participatory and ethical manner¹⁴...” The evaluation team fully adhered to this principle and made every effort possible to involve as many of the key stakeholders linked in one way or another to the PCTP. All relevant meetings were meticulously planned in all countries deemed necessary (Geneva, Kenya, and Ghana). The active participation of ITC’s and the PCTP’s representatives in the organization processes was important in ensuring this task was well implemented.
- **Information Triangulation:** As mentioned in the ToR: “The PCTP midterm evaluation will apply a triangulation of methods to answer the evaluation questions raised¹⁵...” To the extent possible, the evaluation team cross-checked information and data produced through each line of inquiry with one another (desk research, surveys, focus groups, interviews and participatory workshop) in order to comprehensively and thoroughly answer the evaluation questions.
- **Participative and Iterative Management:** To ensure the mandate ran smoothly and within the proposed timeline, the evaluation team used a flexible approach to the management of the evaluation process and took into consideration the point of view of all stakeholders directly

¹² Ibid. p.5

¹³ For more complete and detailed information on the methodology, please see the methodology report for the mandate: International Trade Centre. Daoust, A. October 2012. *Poor Communities and Trade Programme: Midterm Evaluation of the Ethical Fashion Programme; Methodology Report*. Geneva, Switzerland. 56 p.

¹⁴ ITC, June 2012. *Evaluation Terms of Reference: Poor Communities and Trade Programme*. p.8

¹⁵ Ibid. p. 8

involved in the mandate. This entailed working in close cooperation with the ITC Evaluation and Monitoring Unit (EMU), representatives from the programme, and the members of evaluation team. Each deliverable was sent to relevant stakeholders for questions, comments and suggestions. During the planning phase of the evaluation, this ensured that tools produced for the mandate's different lines of inquiry by the evaluation team were agreed upon by stakeholders, and that their quality was deemed adequate and sufficient by the latter. During the reporting phase of the mandate (the draft evaluation report), this strategy allowed stakeholders to correct factual errors and present new points of views and opinions in reaction to findings, conclusions, lessons learned and recommendations integrated in the report.

- **Application of knowledge:** Throughout the mandate, the evaluation team made use of its theoretical and practical knowledge in the areas of (impact) evaluation, aid for trade, corporate social responsibility (CSR), fashion, quantitative and qualitative methodologies, Results-based Management (RBM), the ITC, the EFI, the PCTP, workshop and focus group animation, report writing, and all domains considered relevant.

In terms of approach, in addition to being pre-defined as an external evaluation, the latter combines the Goal Free (exploring expected and unexpected results), Theory Based (based on a pre-defined logical framework), Utilization (oriented towards future general utilization), and Collaborative (fostering large participation) approaches¹⁶.

The evaluation design is a mix of elements from the Exploratory (or research) evaluation design and the Medium-scale quasi-experimental design.

- *Exploratory or research evaluations:* For the PCTP midterm evaluation, this kind of analysis helped to determine if the project works and can be replicable as it is usually used to evaluate pilot projects. An example to illustrate this: Has the PCTP business model been effective in generating sufficient work in terms of prices, consistency and volumes for beneficiaries?
- *Medium-scale quasi-experimental design:* This evaluation design is linked to the use of control groups¹⁷ (the counterfactual). In the context of the PCTP midterm evaluation the attribution questions need to be addressed, i.e. "What would have been the condition of the project group if the project had not taken place?" The term "medium-scale" is used here because of the use of mixed methods and the fact that the EMU wishes for an acceptable level of statistical rigour (smaller-scale quasi-experimental designs require less statistical rigour and rely more extensively on qualitative methods).

As suggested in the ToR, six main data collection methods or lines of inquiry, were utilized to gather information: desk research; interviews; surveys; focus groups; participant observation; and participatory workshop.

Quick notes on how to read this report:

All information distilled from document review is referred to the documents themselves. When the information presented was collected through interviews and/or focus group discussions (FGDs), to ensure anonymity of the interviewees/respondents¹⁸ and to highlight the relative importance of various findings, the following procedure is used by the evaluation team:

- When an opinion on a subject was held by one or two individuals interviewed, the qualifiers "one" or "few" are used to refer to these interviewees. For example, a few stakeholders have mentioned that this procedure was useful. These qualifiers are less common in the present report;

¹⁶ See KAHAN, Barbara. *Excerpts from Review of Evaluation Frameworks*, Saskatchewan, Ministry of Education, 2008, 67 pages.

¹⁷ The expression "comparison groups" should be used in the context of the present evaluation as there is no baseline data on the individuals that are selected to compose this type of groups (a condition needed to use the expression "control groups"). However, the ToRs use the latter expression and so the documents produced for the mandate will use the same terminology.

¹⁸ To avoid repetition, the terms interviewees, respondents and stakeholders will be used interchangeably in the evaluation report.

Poor Communities and Trade Programme Midterm Evaluation

- When less than, or about half of the individuals interviewed have expressed the same opinion on a subject, the qualifiers "several" or "some" are used to refer to these interviewees. These qualifiers are often used in the report to state a shared opinions;
- When the majority of individuals interviewed express the same opinion on a subject, the qualifiers "most" or "majority" are used to refer to these interviewees; and
- When all or nearly all individuals expressed the same opinion on a topic, the qualifiers used are "the vast majority" or "almost all" to refer to these interviewees.

PURPOSE 1 - IMPACT OF THE PCTP BUSINESS MODEL ON POVERTY REDUCTION

2. ANALYSIS AND FINDINGS

2.1 Assessment of Implementation and Delivery

2.1.1 Institutional and Management Arrangements

Management Systems

During the first two years of the programme, many efforts have been invested into setting-up the management unit and arrangements for the PCTP. This is a direct follow up to the end of the pilot phase and the beginning of the programme's implementation. The ITC's senior management requested that the programme's manager build on the basis of what was accomplished during the pilot phase, and structure the implementation of the programme with the support of sound management systems. These systems are threefold:

- Management to deliver services linked to supply chains, entry markets and business management;
- Market development; and
- Social Impact Assessments (SIAs).

In the opinion of many stakeholders interviewed during the evaluation, the programme was to develop these management systems because much of the pilot project's success depended on the fashion market contacts the programme manager had. In other words, much of what was accomplished relied on the personal and professional involvement of the PCTP programme manager. Once the setting up of the PCTP started, putting these management systems in place would provide the structure supporting the implementation of the programme, allow for this type of innovation to be nurtured from the inside the ITC, thus enabling sustainability of the intervention. Some legal issues regarding the signature of the memorandum of understanding (MoU) between EFAL and the ITC have slowed down the structuring of the management systems and the implementation of the programme. While these issues have been settled, as a result of this and other factors, some delays have been encountered in the implementation of these management systems. Also, because the setting-up of these management systems was planned to be delivered at the beginning of the programme (during the period evaluated), much of the budget and implementation efforts went to the related administrative activities.

- Implementation of the management systems was a necessary step towards the transition from the EFI pilot phase to the PCTP; some delays were noted in their pre-position setting.
- As the EFI had invested in the development of the administrative systems, operations costs of the programme were higher during the initial phase of the programme.

Management Structure

In relation to what is set forth above, *a vast majority of interviewees* have mentioned that sustainability of the intervention is at risk through lack of beneficiary ownership if the business links with the fashion world, which supports the whole programme, continued to depend only on of a small group of ITC

representatives. The evaluation team agreed that this is a genuine risk¹⁹. It derives from the fact that if for any hypothetical reason, these ITC representatives were to suddenly stop being involved in the programme, the sustainability of the PCTP would be seriously compromised. The links with the fashion houses depend on trust-based partnerships continuously maintained and strengthened through business interactions with the ITC representatives. If one side of the business link is weakened (e.g. the departure of the ITC representatives from the programme), the trust may be lost. The trust is built on the confidence the fashion houses have in a *limited* number of representatives—having too many representatives would delude the confidence. In essence, the risk derives from a success factor: having a few individuals committed to the common interest of beneficiaries in different marginalized communities managing the programme, who have knowledge of, and experience in the fashion industry. The management systems described above are considered by respondents as a partial mitigation strategy for said risk, but more should be done in the opinion of many interviewees. Further discussions on the topic of mitigation are addressed in Purpose 2 below.

As determined in the PCTP's Impact Assessment Methodology: “[EFAL] is a social business as it provides work opportunity to those marginalized categories of people who would otherwise remain poor for lack of income generating opportunities²⁰.” EFAL should therefore be strengthened in its essential role by ITC since it is to eventually become the sustainable link in the value chain between the international fashion market and the production units in the slums.

Concerning other elements of the PCTP's management structure, one of the most important institutional stakeholders is the social enterprise: in the Kenya EFI, EFAL. Many respondents and participants in the focus group discussions (FDGs) with EFAL representatives have pointed out that the social enterprise has grown at an impressive rate since it was first put together. The social enterprise should be kept “slim”. For the moment, the institutional structure is still at a manageable size and that policies developed by the FLA are in place to avoid potential corruption problems and ensure transparency.

The role of EFAL is crucial; it needs to remain simple and well-focused in the short-term: EFAL does the assembly of the fashion products with the pieces sent by the production units, takes care of the quality control and coordinates shipping and handling. In the medium- to long-term, its role should evolve towards training for the production units and gradually become responsible of developing the link with the international fashion market. In Purpose 2, the report addresses a possible new role for EFAL—supporting the implementation of other EFIs in other countries. Please see below for more information.

- Many of the success factors and innovations of the programme rely on a few ITC representatives.
- The social enterprise should be kept simple and dynamic in terms of management structure.

Alignment with National Institutions

The choice of the country in which the programme was initially implemented (Kenya) was based on the fact that pre-existing professional and personal links had been created between key stakeholders from ITC and Kenyan representatives. Once the rationale behind the programme was set-up and agreed upon by ITC senior management, inception missions were organized in some targeted communities of Kenya. A country profile and a needs assessment were also conducted. It soon became clear to programme managers that the basic technical skills needed for the development of a competitive supply of pieces for the luxury segment of the international fashion industry were present in Kenya.

The main Kenyan national government institution involved in the programme is the country's Export Promotion Council (EPC), embedded in the Ministry of Trade and Business. The role of this institution was key during the pilot phase when the PCTP was in its embryonic stage (in 2009), when it supported and guided the selection of the groups that would constitute the production units. The EPC accomplished this task by providing ITC with a database of micro producers they previously cooperated

¹⁹ This risk is further analysed in Purpose 2 of the report in the risk assessment section as well as all other risks presented in Purpose 1. All risks presented in Purpose 1 are further analysed in the risk analysis section..

²⁰ ITC, PCTP. 30 May 2012. *Impact Assessment Methodology* p. 4

with for the promotion of artisan exports²¹. Amongst others, the criteria used to select the beneficiaries in the database include:

- Skills;
- Income;
- Position of women in the community; and
- Availability to work in the programme²².

These criteria were measured as objectively as possible as the selection of the beneficiaries needed to be transparent and business-oriented. At the beginning of the selection process, the project manager and his team improved the quality of data in the database in terms of the profiles of the beneficiaries proposed to participate in the PCTP.

In terms of national policies and strategies, the PCTP is aligned with the Kenyan national Poverty Reduction Strategy²³. Like the strategy, the programme is oriented towards:

- Poverty reduction through private sector development;
- Employment generation strategies;
- Marginalized women and youth empowerment through the mainstreaming of Micro, Small and Medium-Sized Enterprises (MSMEs) and handicraft²⁴; and
- Entry points to the formal economy for beneficiaries.

The PCTP has, to some extent, operated with minimal contact with other national or international institutions²⁵. However, this is not necessarily considered as an issue and, in some cases, it actually has been cited as a success factor: Most of the efforts were directed towards the beneficiaries and inefficiencies sometimes associated with spreading scarce resources in too many directions were avoided. While some respondents would prefer that more links with other institutions be developed, secondary information points to the fact that authorities themselves are fundamentally satisfied with the project since beneficiaries are now operating in the formal economy, paying taxes, and hence generating revenue for state institutions.

Development of adapted working procedures through cooperation with non-governmental institutions

Rooted in the PCTP programme is the fact that all operations are to be conducted in an ethical manner. This is where another important stakeholder plays its role, the main PCTP non-governmental organization (NGO) partner is the Fair Labor Association (FLA)²⁶. At the end of 2009, discussions were held between the PCTP manager and FLA representatives concerning how the Association could be involved in the programme. At first, the idea was for ITC to become a member of the FLA (a membership-based association). However, as the nature of the work carried out by the FLA has a focus on Corporate Social Responsibility (CSR) with the private sector²⁷; its members are usually businesses and not international technical assistance institutions²⁸. As a result, EFAL became a member of the FLA. The FLA had to adapt its regular work to the PCTP implementation strategy because, among other reasons, the programme mainly works with the informal sector. Through initial scoping missions and

²¹ Ibid, p. 6

²² For the full list of beneficiary selection criteria see: ITC, PCTP. 30 May 2012. *Impact Assessment Methodology* p. 7-8.

²³ International Monetary Fund, July 2010. *Kenya: Poverty Reduction Strategy Paper*. p. 219.

²⁴ National policies have changed: respondents noted that before, national poverty reduction strategies were oriented towards bigger companies.

²⁵ See among other documents, ITC. July 2010. *Memorandum of Understanding between the ITC and the EPC*, p. 22

²⁶ The mission of the Fair Labor Association is to combine the efforts of business, civil society organizations, and colleges and universities to promote and protect workers' rights and to improve working conditions globally through adherence to international standards. Fair Labor Association, Internet site last visited on 28 October 2012. <http://www.fairlabor.org/our-work/mission-charter>

²⁷ In the context of the implementation of the PCTP, the rational was to use the CSR ISO norms (ISO 26 000) to create a working environment that respected pre-set workplace conditions.

²⁸ The ITC is not a member of the UN Global Compact.

negotiations, the programme facilitated the adaptation of the FLA standards and its Workplace Code of Conduct, developed on the basis of the International Labour Organization (ILO) conventions²⁹ to the informal sector³⁰.

In addition, the programme structured its Standard Operation Procedures (SOP) and policies based on ISO 26000 guidelines. These SOPs support the enforcement of FLA and ISO norms and standards by providing the community leaders a step-by-step guide on their implementation. The SOPs became the building blocks leading to the establishment of rules that the self-help groups and the social enterprise were to use during their work. They were translated into local languages and posted on walls in every PCTP workplace. Training sessions were given to the beneficiaries to understand the essence of the rules and the importance of following them.

- The EFI is aligned with national poverty reduction strategies and has benefited from the support of EPC during the launch phase. The Government of Kenya is fundamentally satisfied with the project since it has allowed beneficiaries to leave the informal economy.
- The programme has been successful in empowering beneficiary workers in the slums to: (a) enjoy decent working conditions through the adaption and use of ILO/FLA work standards and, (b) produce according to quality standards required by international markets through the implementation of ISO 26000.

Managing interaction with the fashion industry

Communication is an important element of the programme; most of the fashion houses' CSR incentives come from the communication with and through the ITC and EFAL. For example, SIA's results and case studies are to be used as a basis for fashion houses to demonstrate and verify impact on and contribution to poverty reduction. Much of the programme's success depends on the effectiveness of its communication strategy: the demand driven model of the PCTP stresses the importance of providing the 'stories' behind the ethical production to the customers that buy the fashion merchandise.

The evaluation team was provided with a series of videos developed by the ITC and fashion houses for dissemination on Internet. Videos on the Internet, available under "ITC ethical fashion"³¹, present promotional information to potential buyers of the ethical production of the fashion products. Searching for "ITC ethical fashion" videos on the Internet generates promotional information tailored for the potential buyers of the ethical production of the fashion products. However, none of the information presented in the SIAs has been used in these videos.

Due to the very nature of the fashion industry, the 'presence' of the programme in the media (videos, fashion magazines and newspapers) is a powerful tool to promote PCTP results. In this regard, the programme should be careful to maintain a balance between: 1) the efforts put into communication and marketing by the programme resulting into benefits for the PCTP through the creation of jobs and higher income for developing country workers of poor communities, and 2) the ensuing added financial value for the fashion industry. Once the programme expands and is more deeply rooted, the fashion houses should pick up on the marketing and sensitization efforts. As the programme is gaining credibility, it should seek a higher portion of value generated through the programme to be transferred to beneficiaries in the form of higher prices when possible.

There is a need for the programme to ensure that *all parts* of the supply chain correspond to products labelled "ethical". The programme currently addresses this risk mainly by implementing ILO/FLA work standards. However, some risks still prevail, and the adoption of an effective risk mitigation control system in the wider supply chain (outside the production units assisted by the programme, for instance during waste collection stages, sold by local dealers to the productive unit) is recommended since fundamental human rights issues are at stake. In addition, these risks are serious for all fashion houses

²⁹ ITC, PCTP. February 2011. *The Poor Communities and Trade Programme: Programme Summary*. Geneva, p. 17

³⁰ ITC website, 30 October 2012, <http://www.intracen.org/trade-support/ethical-fashion/ethical-fashion-and-fair-labour/>

³¹ For example https://www.youtube.com/watch?v=JL_OGHd9TQ and <http://www.youtube.com/watch?v=HtOf-dNZQa8>

involved and for the UN. More specifically, the programme is encouraged to put in place mitigating mechanisms to ensure that there is no evidence of child labour, for example to collect the waste used for brass and bones. This applies even in cases in which the children would not be direct beneficiaries of the programme. The issue has to be addressed before scaling-up the programme.

- Adequate communication plays an important role in the PCTP as it helps to create demand for the ethical fashion products by sensitizing the buyers.
- There is a risk that communication efforts made by the programme and ITC could be seen as linked to marketing and profit results for the fashion houses.
- The PCTP is a high profile programme and brings attention to the ITC in its entirety. Other ITC programmes want to learn from the PCTP experience.
- Communication with the consumers of the programme's ethical fashion products is ensured through the media attention brought to the programme (magazine articles and YouTube/TED videos.)
- It is important to ensure that all parts of the supply chain are and remain "ethical", meaning that the individuals involved in the programme operate in fair labour norms, even for parts of the chain which are not directly linked to the programme.

Synergies

A performance agreement has been signed between the representatives of the PCTP and ITC's *Programme for Building African Capacity for Trade (PACT II)*³² regarding its leather component. The purpose of what is called the sub-contract, among others, is to eventually include the leather production chain supported by PACT II in the PCTP's production chain. The portion of the PACT II budget managed by the PCTP for the cooperation arrangement amounts to \$200,137 USD. Other programmes in ITC have expressed their desire to establish an exchange structure with the PCTP.

Finally, because the programmes already aim at addressing many development issues for the communities involved, a potential option would be to eventually partner with other institutions to delegate some elements, e.g. environment issues. This recommendation is further addressed in Purpose 2.

- Synergies with other ITC, and similar programmes could benefit the programmes involved. However, aiming at too many targets by developing synergies with non-ITC somewhat different programmes could lead to the *risk of dispersion*, and compromise the success of the programme. The PCTP is very specific and needs to stay focused on the targets it has already set for itself.

2.1.2 Implementation of Activities

Social Impact Assessment (SIA)

The SIA was developed to monitor the impact and the results generated by the programme over time, and draw lessons learned that could be captured in the process. Supported by document review and many interviews, the SIA system/methodology development, financed by the PCTP, was a group effort involving all relevant key stakeholders: EFAL, FLA, ITC, national university professors and academics, community leaders, etc.³³. The first SIA was conducted in November 2010, is described as the baseline study for the programme³⁴, where 50 individuals from 10 self-help groups were surveyed. Subsequently, in 2011 and 2012, seven other SIAs linked to orders were conducted³⁵. The SIAs were not originally conducted independently: the EFAL Social Department was in charge of performing the SIAs. However, the programme management removed this activity from EFAL and placed it under the responsibility of the local project staff. The activity is now carried out by consultants of the programme.

³² ITC. February 2012. *Performance Agreement PCTP-PACTII*. P. 3.

³³ For the full list of involved stakeholders, please see: ITC, PCTP. October 30th 2012. *Impact Assessment Methodology* p. 11

³⁴ Ethical Fashion Africa Social Department. November 2010. *Ethical Fashion Africa Social Impact Assessment*. 19 p.

³⁵ 1) Ethical Fashion Africa Social Department ITC, PCTP. January 19th 2012. *Poor Communities and Trade Programme: Ethical Fashion Initiative. Kenya – Vivienne Westwood Order, Nov. 2011 – Jan. 2012: SIA*. 12 p. 2) ITC' PCTP. [?]. *Satubo Women Self-Help Group [SIA]*. 4 p. 3) Ethical Fashion Africa Social Department. 2011. *Continuous Social Impact Assessment: Kenya – COOP t-shirts*. 6 p. 4) Ethical Fashion Africa Social Department. May 2012. *Continuous Social Impact Assessment: Kenya – Carmina Campus*. 7 p. 5) Ethical Fashion Africa Social Department. January 19th 2012. *Continuous Social Impact Assessment: Kenya – Vivienne Westwood Order Nov. 2011 – Jan 2012*. 12 p. 6) Ethical Fashion Africa Social Department. July 5th 2012. *Continuous Social Impact Assessment: Kenya – Manor Order March 2012*. 13 p. 7) Ethical Fashion Africa Social Department. February 2011. *Continuous Social Impact Assessment: Uganda*. p. 8.

Part of the SIA methodology development was based on the photo elicitation procedure: photographs of the workers, produced by the workers themselves, were used as stimuli in interviews, leading to a deeper understanding of what was valuable in their lives. Photo 3 below provides an example of a photograph produced by the beneficiaries.



Photo 1: A picture taken by a beneficiary from the Maasai Community

The information gathered through the photo elicitation procedure was used to develop the indicators used to later develop the questionnaires for the SIA. The indicators and questionnaires were built during a workshop organized for the occasion, during which the participants determined how the SIAs would be implemented³⁶. The SIA methodology is detailed, well developed, and includes the description of *how* it was developed. Overall, the SIA is a sound tool, developed with the participation of many stakeholders and through hard work. Issues pertaining to the methodology, the baseline study and the SIAs themselves, include the following:

- The SIA methodology did not plan for the use of control groups. This might be explained by the fact that funds are not available to conduct such a scaled up impact assessment. This limitation is mitigated by the chronological analysis of the quantitative data and qualitative information collected (before and after orders).
- The document identified as the baseline study refers to data which was collected after the survey respondents had started participating in the EFI pilot phase. A baseline study is by definition conducted *before* the start of a project or programme. Therefore, the PCTP has not developed a full-fledged baseline study at the programme level per se. However, the SIA methodology stipulates that the survey must be conducted before and after the order it addresses. For future EFIs, the programme management has hired an international expert with the task to develop the full practice into an independent baseline tool.
- Documentation reviewed cites that the group supervisor "...organizes the discussion with the interviewees and records key findings³⁷." This creates a bias in the data and information collection procedure to the point where one may conclude that there is an apparent of conflict of interest. As mentioned above, the SIAs are now conducted by the ITC as a third party, while at the very beginning of the pilot stage it was conducted jointly with EFAL.
- It is understood that the SIA's goal is to continuously improve the programme. However, no recommendations are made explicitly in the SIA reports although the programme document

³⁶ Fair Labor Association, ITC. July 2012. *Ethical Fashion Africa Project Update*. Geneva p. 15

³⁷ ITC, PCTP. February 2011. *The Poor Communities and Trade Programme: Programme Summary*. Geneva, p.16

refers to their use for this purpose. There are no clear indications that changes in the implementation of the PCTP originate from the content of the SIAs. Interviewees mention that data gathered through the SIAs is analysed by the PCTP management for learning purposes.

- Many thought-provoking recommendations suggested by the FLA on how to conduct the SIAs are documented in the *Ethical Fashion Africa Project Update*³⁸ report, and should be carefully applied by the ITC and EFAL (a number of these already have been).
- Apart from the SIAs, no semi-annual or annual reports are apparently sent to EFAL or the ITC. The SIAs measure the impact, but no reporting is done on implementation activities. Interviewees point to the fact that locally based ITC staff produces regular feedback sessions for the programme management.

The SIA methodology developed by the programme can be considered as a good practice and could be used at a larger scale in other contexts outside the programme. Together with baselines on beneficiaries and control groups, this type of data would facilitate the assessment of the impact ITC programmes have on direct beneficiaries, a growing requirement on the part of donors and beneficiaries. Adaptations would be required to ensure the methodology is well adjusted to the other programme realities, but overall, the option of conducting SIAs is valuable and would bring much added value to ITC programmes, which are encouraged to plan for a specific budget to integrate this practice.

Because SIAs are to be conducted several times (theoretically, for every order), an important success factor for the PCTP is to keep the size of the SIA questionnaires at a manageable number of questions, selecting the most interesting and significant ones for assessing social impact. The recently introduced use of tablets to deliver the questionnaire, however, makes it much easier.

In summary, it is essential to ensure that data and findings produced by the SIAs be used with a view to improve the implementation of the programme. This is at the very heart of the goal of the SIAs. It is also advised that the programme staff officially report to the ITC on the implementation process, in complement to the feedback sessions already implemented.

- The implementation of the SIA is important for the programme itself because it ensures a regular monitoring on its impact results, but also for the ITC, because its methodology can be replicated in other programmes.
- Some issues need to be dealt with concerning the SIA methodology and the implementation of the SIAs themselves.

2.1.3 Achievement of Results

More orders

A key success factor for the achievement of results through the PCTP, in particular for the beneficiaries, is the quantity and regularity of orders coming from the fashion houses and, also important, the quality and reliability of the products coming from the social enterprise.

From the demand side, orders are placed on a seasonal basis (since the fashion industry works on a seasonal cycle), which raises the issue of regularity. Data supplied by the programme points towards a solution to this issue that is the multiplication of strategic partnerships with the fashion houses. Marketing activities in this regard are currently carried out in Japan, Australia and the United States. The programme also plans on supporting beneficiaries in developing the local market themselves, which would ensure more sustainability and reduce dependency on the programme. In any case, the regularity of the orders remains an important issue.

Another concern to take into account, in terms of management arrangements, is the adverse effects of a closed system that would award the economic benefits of the programme to an exclusive number of fashion houses.

³⁸ Fair Labor Association, ITC. July 2012. *Ethical Fashion Africa Project Update*. Geneva, p. 19-22

There are three different points here which can be considered:

- 1) **A Closed system:** The mission of the PCTP is to empower poor communities by creating trading opportunities between them and the fashion houses involved. For this reason, the risk of developing a closed system of trade partners is deemed quite low. The more fashion houses that participate in the programme, the more the programme will be in a position to empower the communities and fulfil its mission. To “close the system” would be counterproductive.
- 2) **Exclusivity:** It is common practice for the fashion houses to agree on an exclusivity contract with the producers when launching new collections and designs. In the case of the PCTP, the fashion houses could for example, claim exclusivity on certain skills, communities, materials and crafts that would provide them with a qualitative and image edge. If contractual exclusivity is agreed upon, it would mean that the work achieved by the PCTP communities would be perceived by the fashion houses as having great added value for them. This is why it is very important for the programme to create, as soon as possible, its commercial presence on the web (discussed further under E-Commerce in Purpose 2). Even if the PCTP decided to restrict its partnerships with only the best fashion houses in the world, its e-commerce platform would make it truly worldwide and eliminate the concern of restriction of distribution to few.
- 3) **Competition:** The PCTP could be tempted to create its own accessories and be seen by some fashion brands as competitors, thus jeopardizing the relationships. Again this risk is limited as the programme is deeply niched in *ethical* fashion - a niche in which very few fashion brands operate at the present time. In fact, the fashion houses take their appeal mostly from the designers and their creations, so the PCTP is a good professional ethical partner/coach to help them produce their goods in an ethical way.

On the supply side the programme is also facing constraints. As stated above, one very large order was placed during the EFI pilot phase by *a large distributor* for the production of 300,000 units. This order was seen as a positive challenge because the issue was to find as many workers as possible and to build the kind of business infrastructure needed. The order also supplied profits that the social enterprise reinvested entirely into the development of its productive capacities, and in training and capacity building. The order was delivered, not without a few difficulties, and all stakeholders learned from the experience. Nevertheless, many beneficiaries involved in this order were then left without work from the programme because no other *fashion houses*, which became the *type* of client of choice after this situation, placed orders of this size³⁹. The situation created unfulfilled expectations. Information at hand demonstrates that among other causes, this partly led to the downsizing of the programme’s activities in order to better organize the business infrastructure and create systems to manage it. This has had an important impact, especially in Uganda, which was left aside in the process. Indeed, data from the Uganda SIA shows that in the targeted groups: “87.5% of the respondents state EFAL is their main source of work opportunity and work given by EFAL is what enables them to make ends meet⁴⁰.” Once EFAL stopped sending orders to these beneficiaries, their main source of work was lost.

During the peak of the production of the 300,000 units, the programme had hired 7,325 beneficiaries. Once downsizing of the programme started leading to a smaller group (1,143); the individuals with the highest skills were selected to improve the chances to meet international quality requirements. The results from a strategic decision of the programme, which purposely decided to downsize the programme to focus on the core groups of micro producers in Kenya, and to expand back to the rest of the beneficiaries when the proper systems would be in place. The impact on those that were no longer involved in the programme is hard to evaluate, as the evaluation team did not meet any of these former beneficiaries. Following the downsizing process, the former beneficiaries did not receive any more work from the programme, but the contact with the former beneficiaries has been maintained. The objective is to eventually bring them back into the programme when the absorption capacity, in terms of management, is enhanced (when the management systems are well in place). PCTP’s managers have drawn lessons from this experience, and have managed the following orders accordingly afterward.

³⁹ Also, information points to the fact that the large distributor in question has not placed any order since the initial one.

⁴⁰ Ethical Fashion Africa Social Department. February 2011. *Continuous Social Impact Assessment: Uganda* p. 4

The two-sided risk (insufficient and irregular orders or orders too large to manage) is exacerbated by the international financial crisis which has severely hit the European market where, consequently, the fashion market has suffered quite extensively. Balancing the demand to make sure the supply can respond effectively therefore becomes more complicated and challenging.

High quality

In terms of standards, the products developed by the beneficiaries are often considered of higher quality than those produced through manufactures by most fashion brands in industrialized countries. The finishing details are competing with the main fashion houses and buyers of large fashion retailing organizations, among the most prestigious in the world. The programme started with non-skilled and discriminated individuals, mostly women, and provided them with the needed skills to produce the highest level of luxury details demanded by the fashion houses. What the beneficiaries now produce is comparable to what other craftspeople produce throughout the world.

Handmade products

The level of quality of the PCTP products is not only considered high due to the level of detail and the quality of the material used, but also, as it has been stated by a fashion house representative, because they are handmade. This can be “felt” as the ultimate signature of quality of any fashion items. This quality element is coming back in the fashion scene in terms of “authenticity” of the products; fashion clients perceive and call for these genuine products.

Notwithstanding the financial crisis affecting various parts of the world in the last few years, fashion goods sales have leaped around the globe, boosted in particular by the appetite of China’s new rich group for luxury handbags, jewellery and luxury timepieces. However, many brands are now struggling to boost the creativity due to the lack of qualified artisans. Identifying and training new artisans, as the PCTP is doing in Kenya and soon in Ghana, is increasingly considered as a competitive edge by the fashion houses. The PCTP structure helps foster the development of such artisan potential. Comité Colbert and Altagamma, among the most prestigious luxury goods authorities, representing more than 75% of the luxury brands in France and Italy, claim that the luxury market has suffered a great loss of artisans all around the world as most luxury brands have preferred to go global using industrial manufacturing for decades. Fashion houses are now planning to train artisans to compensate that trend to protect the artisan work of its production of luxury items.

- Diversifying demand should be pursued to bring more orders more regularly for the beneficiaries. It is important however to avoid creating dependency on the programme and to support the development of the national and regional markets is equally important;
- On the other hand, managing the demand of ethical fashion products is also necessary in order to avoid betraying beneficiaries’ expectations.
- Entrepreneurs in poor communities participating in the programme have been successful in producing high quality products respecting ISO 26000 production disciplines and quality standards.
- Artisan type production favored by the programme is a trade mark it is building on to create business opportunities. This is a very important quality element which should be preserved.

2.1.4 Attainment of Objectives

According to the PCTP logical framework, the programme objective reads as follows:

MSMEs from the developing world are enabled to become more competitive, thus being able to generate regular flows of income and to reduce poverty levels in the communities where they are based, by using the inclusive business model and related infrastructures developed by the programme in the value chains of:

- Ethical fashion (high street fashion) and lifestyle products (direct reach of the programme, through specific field projects);

- Any other similar value chain where the business model can be replicated and applied (indirect reach, through advice supplied by an International Advisory Committee).⁴¹

One of the main elements that will allow for the first component of the objective to be reached resides in the fact that the PCTP first assesses the demand side (the international fashion market) to then produce what is required. It is on the basis of this analysis that the production/creation of the programme's fashion products are done on the supply side (EFAL and the production units). Thus, the production is responsive to the demand. As one national respondent noted: "The production does not stay with us; it is bought because it responds to the demand." This significant aspect of the PCTP was derived from past experience and among other numerous sources, from the *Export-Led Poverty Reduction Programme (EPRP) Evaluation Report*⁴². The evaluation's first recommendation states: "The EPRP in the future should focus more on market-related issues."⁴³

The demand driven orientation of the Kenya EFI is extensive; the main idea behind the design of what the programme produces is directly determined through a dialogue with fashion houses. In this sense, the programme goes beyond agreeing with fashion houses on what products the programme can develop, as it also contributes to shape the demand on the basis of skills available in Africa. In Kenya, the ITC, with the support of EFAL, is involved in the design process, but to a limited extent. They usually suggest the material(s) used to develop the product, and the buyers from the fashion houses decide. According to the PCTP programme workplan, EFAL will be increasingly involved in this process during 2013, and will gradually take over from ITC.

In Ghana, things will be different; the PCTP collaborates with local designers, who already create fashion items through their own brand. This is mainly because in Ghana, a designer base already exists, which is not the case in Kenya. (This issue will be addressed further in the business model scaling-up section of this report.) Instead of bridging the demand for fashion international with work in poor communities via the social enterprises which facilitates the trading activities, the Ghanaian EFI model aims at creating a demand at the international level by developing local fashion items, thanks to the national and regional (Mali and Burkina Faso) skills and materials and to local entrepreneurship and experience. By combining the two first models, Kenya and Ghana, the programme is doing what trading is all about: a twofold way of creating work for the local communities and fashion products for the international demand, while using trade as a mean to empower each trading party.

Another dimension of the programme, which will contribute to the achievement of the objective, relates to the fact that the direct link between the beneficiaries and the international fashion market is facilitated by the programme through ITC and the Social Enterprise. In addition to having positive effects on sustainability transaction costs are lowered for the short- and medium-term to facilitate the development of the inclusive business model. In order to further reduce transaction costs, the programme is encouraged to pursue the development of the social enterprise link with the international markets.

2.2 Assessment of the Effects

2.2.1 Outcomes

From a result-based management (RBM) point of view, the programme's logical framework is well designed and theoretically correct, although the indicators for the objective are closer to targets than genuine indicators. All other indicators in the logical framework are sound and appropriate RBM indicators. Also, some outcome statements are somewhat long and are not clearly formulated. The first PCTP outcome is as follows:

Outcome 1: MSMEs from developing countries, international buyers and consumers, are enabled to take informed decisions and to undertake action in order to develop and support sustainable and equitable trade partnerships in the market of ethical fashion, using

⁴¹ ITC, PCTP, *The Poor Communities and Trade Programme: Programme Summary*. February 2011, Geneva, p. 18. ITC, PCTP, *Logical Framework*. October 2012, p. 1

⁴² Leelananda Silva. 5 September 2006. *The Export-Led Poverty Reduction Programme: The Evaluation Report*. 57 p.

⁴³ *Ibid* p. 6.

the business model promoted by the programme. This is facilitated by sets of advisory services, tools and increased awareness provided directly through a project based alliance between the ITC and selected social enterprises, or indirectly through the work of an International Agency.⁴⁴

This outcome is reached mainly by providing training to the beneficiaries in EFAL, the production units, and, more specifically, through entrepreneurial training sessions. MSMEs primarily learn the market functioning by complying with its specifications, therefore acquiring skills by developing products that meet the market's requirement. This could eventually lead to the development of other opportunities for the trainees, in which they could use their newly acquired entrepreneurial skills (for example, the development of the local markets).

On the demand side, international buyers and fashion houses have been sensitized to ethical business and to the capacity of African workers in poor communities to produce internationally competitive and attractive products. With this in mind, the second PCTP outcome reads as follows:

Outcome 2: Market linkages for MSMEs developed through the inclusive business model managed by the project based alliance between ITC and Ethical Fashion Africa Limited, are expanded and made sustainable in the international and domestic value chains in ethical fashion and lifestyle products.

The first section of this outcome, market linkages for MSMEs between ITC and EFAL, is in the process of being structured and implemented according to timelines. The second section of the outcome, however, is forward-looking and will be developed in the near future. A fair amount of output-related activities are planned for 2013 and beyond. However, some activities that were to be finalized in 2012 just started in the last quarter of the year, such as: selecting local buyers interested in sourcing fashion products locally; and enable EFAL to carry-out product development for the local market and to start selling on it. Available data confirms that these have occurred irregularly and only partially. The latter half of this report (Purpose 2) addresses the second section of Outcome 2 in more depth, as well as the PCTP Outcomes 3 and 4.

2.2.2 Impact

Assessing the impact of the PCTP business model was based on two lines of inquiry: surveys with the beneficiaries and control groups; and Focus Group Discussions (FGDs). The qualitative information collected through the FGDs served to complement the quantitative data collected through the surveys. The impact of the programme on the beneficiaries was evaluated by comparing the data from the beneficiary surveys with that of the control group surveys. In addition to this comparative analysis, the data collected through the beneficiary surveys was weighed against the data contained in the first SIA conducted in 2010⁴⁵. The analysis linked to this exercise yielded results which need to be understood in its context:

- 1) As mentioned above, the first SIA cannot be considered as a baseline study per se;
- 2) Only some data can be compared as a number of questions have been changed or deleted for the benefit of the evaluation; and
- 3) The data from the SIA study was generated through a survey conducted in different settings than those used for the evaluation; the sample from the baseline study was comprised of 50 individuals, and is not representative of the total number of beneficiaries.

2.2.3 Sampling and Selection Process

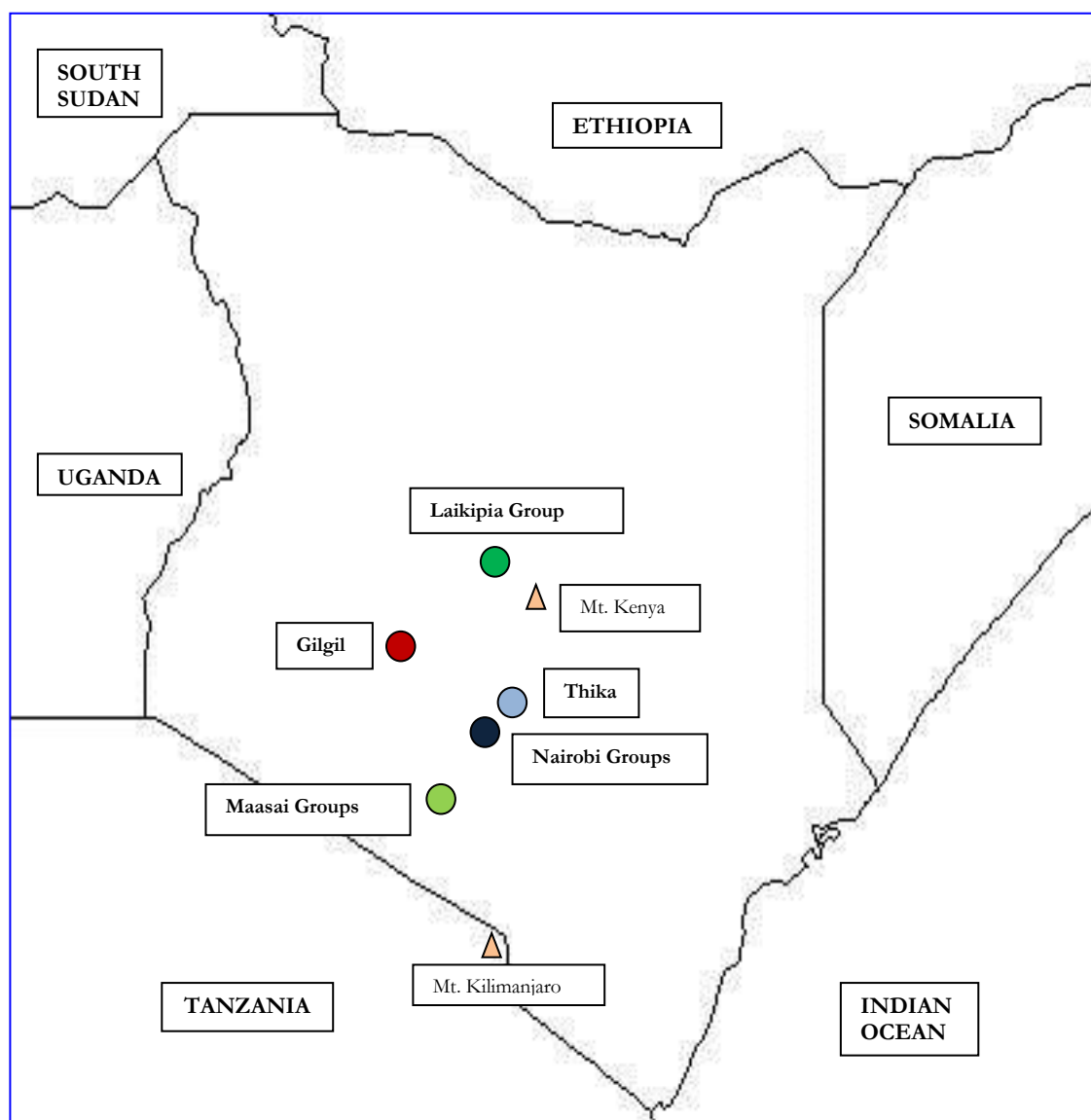
The PCTP beneficiaries in Kenya are comprised of a variety of groups situated in a number of locations throughout the country. Skills offered by these groups, also referred to as micro entrepreneurs, and informal workers, include the following: beadwork, bone and horn carving, crocheting, embroidery, leather work, recycled brass work, screen printing, stitching, tailoring, tie-dye, weaving, administration,

⁴⁴ ITC, op cit, February 2011, p. 29

⁴⁵ Ethical Fashion Africa Social Department. November 2010. *Ethical Fashion Africa Social Impact Assessment*. 19 p.

supervising and quality control. The majority of these groups are located in and around Nairobi, and some are found up to 110 km from the capital.

FIGURE 3: GROUPS ON THE MAP OF KENYA



- Key:**
- Maasai Groups: Olda Nyati; Olonana; and Enduata Nalepo Women.
 - Gilgil: Sanchat; and Watoto Kacell.
 - Nairobi Groups: Bega kwa Bega; Steve and Alfpon Kibera; Smart Weavers; Kariokor Individual Women Entrepreneurs; and Godown Hub.
 - Thika (outskirts of Nairobi): Karen End Women; Ambassadors of Hope S.H Women; and Jiamini in Thika.
 - Laikipia Group: Satubo Women.

It was determined that the total number of PCTP beneficiaries was 1,143. For the purposes of conducting the survey, the sample population of 305 beneficiaries, representing 26.24% of a total number of programme beneficiaries. Control groups in each geographic area matched to those of the sample population in terms of number, skill base, and gender; the only feature was that they did not participate in the PCTP programme; the sample population of the control group was 271.

As a result, the beneficiary questionnaire was administered to a total of 305 respondents, comprised of 268 (87.9%) women and 37 (12.1%) men (in the baseline study women represented 90%). A total of 86.1% were aged between 18 and 45 years, with a diverse range of skills (10 separate categories), where the most prominent (54.4%) was beading, and the least (0.7%) was administration. Further details on the distribution of age and gender for the beneficiary and control groups are provided in Tables 2 and 3 below.

Table 2: Age Groups of Beneficiary and Control Groups

| Age Group | Beneficiary Group | | Control Group | |
|------------------------------------|-------------------|------------|---------------|------------|
| | Number | Percentage | Number | Percentage |
| Youth (18-30 years) | 134 | 45,4 | 134 | 53,2 |
| Adult (31-45 years) | 120 | 40,7 | 91 | 36,1 |
| Middle-aged (46-60 years) | 35 | 11,9 | 20 | 7,9 |
| Elderly (61 years and above) | 6 | 2,0 | 7 | 2,8 |
| Do not know / Prefer not to answer | 10 | 3,3 | 19 | 7 |
| Total | 305 | 100 | 271 | 100 |

Table 3: Gender Distribution of Beneficiary and Control Group

| Gender | Beneficiary Group | | Control Group | |
|--------------|-------------------|------------|---------------|------------|
| | Number | Percentage | Number | Percentage |
| Female | 268 | 87,9 | 219 | 80,8 |
| Male | 37 | 12,1 | 52 | 19,2 |
| Total | 305 | 100 | 271 | 100 |

The majority of the beneficiary groups were assembled with the support of the EFI programme. The profile and description of the beneficiary groups include women and men from a variety of ethnic backgrounds representing people from Kenya, internally displaced persons, and refugees from other African countries. All beneficiary groups are considered to be from poor communities. It was found during the focused group discussions (FGDs), that some of the self-help groups existed prior to the inception of the PCTP programme, with some dating back to the mid-1990s. For example, one group was started by a local priest who helped bring together homeless women (predominantly diagnosed with AIDS) to give them support and training in embroidery.

Orders

In terms of the involvement of the sampled beneficiaries in orders, on average the beneficiaries have worked on five orders in the last two years, and 43% mentioned they had participated on one or two

orders in the last two years. When beneficiaries stated they had worked on more than 10 orders (8.5%), they were asked to specify how many: the answers ranged from 10 orders to 50, and the average was 15 orders. A total of 60% of the beneficiaries started to participate in the programme during the pilot phase (2008 to 2010). Year after year, proportionally more beneficiaries have entered the PCTP during 2011 (26.8%).

It was found that the average duration of work per order is one month (23.5 working days based on a six-day week, as reported by the respondents). When these respondents mentioned more than two months (6.9%), they were asked to specify the duration: on average, the answer for ‘over 2 months per order’ was 72 working days. Some of the respondents who answered ‘more than 2 months’ specified that “it depended on the order.” Hence, since the average number of orders worked on in the last two years is five and that each order gave approximately one month of work for the beneficiary, it can be said that the programme provided on average five months (117.5 days) of work for the beneficiaries in the last two years.

It should be noted that 55.5% of the respondents continued working in their group when they were not working on orders. This is a stand-alone finding considering that most of the groups received support from the programme to structure themselves institutionally.

Income, Business and Finances

The level of satisfaction of the beneficiaries was measured using the following scale:

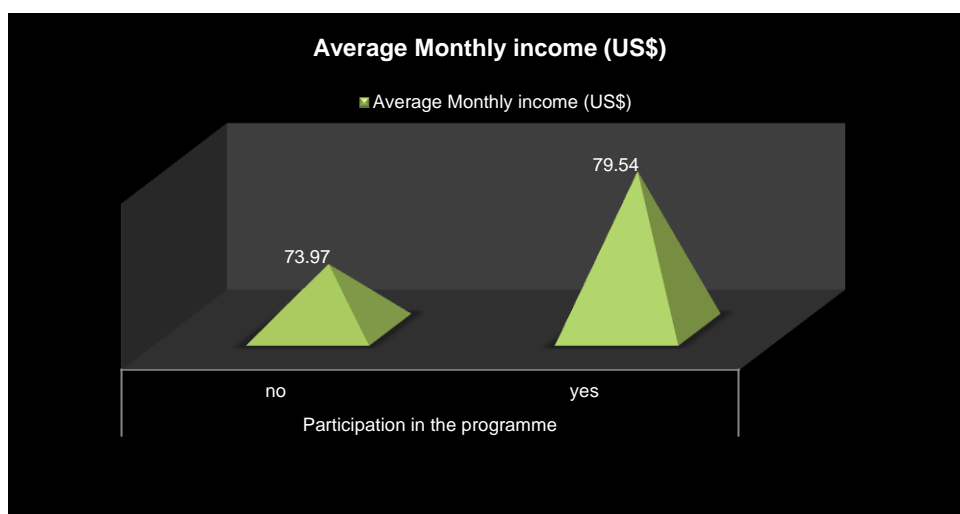
- Completely Satisfied: 4
- Mostly Satisfied: 3
- Mostly Dissatisfied: 2
- Completely Dissatisfied: 1

None of the 305 respondents answered that they were completely dissatisfied. On the scale from 1 to 4, the average of all answers was 3.5, implying that; in general, the beneficiaries were very satisfied with the programme. In fact, 95.7% of the beneficiaries reported ‘mostly’ or ‘completely satisfied’. The survey prompted the beneficiary respondents to explain their answers when it was either ‘mostly dissatisfied’ or ‘completely dissatisfied’. The main answer was that the beneficiary groups needed more orders, more regularly. This corroborates with what was discussed during the FGD.



In terms of income per month, approximately 90% of the respondents did not receive money from family or friends (beneficiaries 89.2% and control group 93%). Moreover, it was found that the PCTP programme had an impact on the average monthly income for the beneficiary group, where, as reported

by the beneficiaries, they earn 7.5% more in terms of monthly income than the control group (average monthly income for beneficiaries was \$79.54 US⁴⁶ compared to the control group at \$73.97)⁴⁷. It should be noted that this average monthly income is when the beneficiaries were both working on orders and when they were not.



In terms of income, there is a difference between men and women of both groups (see Table 4 below).

Table 4 Monthly income effect (with orders for beneficiaries) and daily income during order⁴⁸ (gender considered)

| Average Monthly Income Over 24 Months | Female | | Male | |
|---------------------------------------|-------------------|---------------|-------------------|---------------|
| | Beneficiary Group | Control Group | Beneficiary Group | Control Group |
| Average Monthly income (US\$) | \$70.14 | \$56.79 | \$144.02 | \$143.50 |
| Daily income during order (US\$) | \$54.76 | | \$116.79 | |

The income impact of the programme is stronger for women (23.51% more for beneficiary women compared to control group women) than for men (0.36% more for beneficiary men compared to control group men). However, this does not mean that men are paid more than women in the programme. Men have jobs which are better paid than women in the programme. All data point to the fact that men are not paid more than women; individuals are paid for the skills they use when working. Introducing some form of positive discrimination favouring women would distort the market and would raise issues in terms of recruitment⁴⁹. It is noteworthy that in certain groups where more money is made there are more men than women. For example, in the Alfpon Bone Group, in which there is a majority of men (83.3%), the

⁴⁶ At the time of writing: 1.00 USD = 86.03 KES.

⁴⁷ The question from which this data was collected reads as follows: "Apart from what you receive from your family, all your incomes considered, how much on average do you earn per month?" This includes income earned when the beneficiaries are working on orders.

⁴⁸ The baseline study pointed to the fact that the beneficiaries earned between 4 (minimum) and 7 (maximum) US\$ per day while working on orders. This is similar to what we have here: when gender is not considered, all beneficiaries earn around 4.50US\$ per day when they work on orders.

⁴⁹ Phase 2 of the report addresses what could eventually be done to redistribute income among the differently skilled beneficiaries without distorting the human resources market.

average daily income during orders is higher than the general average income per day during orders (\$20 US vs. an average of \$5 US per day). In addition, in two groups, the situation is the opposite: Sanchat Women's Group in Gilgil, 93.8% women, the average daily income during orders was \$3.17 USD, and Satubo, 100% women, the average daily income was \$2.77 USD. Although the situation is explained, the fact remains that there is a difference in income between men and women.

For the question: "Apart from what you receive from your family and when you do not work on orders from the programme, how much on average do you normally earn per day?" the average beneficiary response was \$2.65 US per day; this does not include days during which beneficiaries were working on orders. For the control group, the mean was \$2.94 US per day. This suggests that the programme is attracting workers, particularly women, who are poorer than the average and are most in need. As a result, it was found that:

- 1) The targeted population earned somewhat less per day when they were not working on orders when compared to the control group; and
- 2) There is an impact on the daily income for beneficiaries when they worked on orders (\$4.50 US when they did), compared to when they did not (\$2.65 US when they did not)⁵⁰.

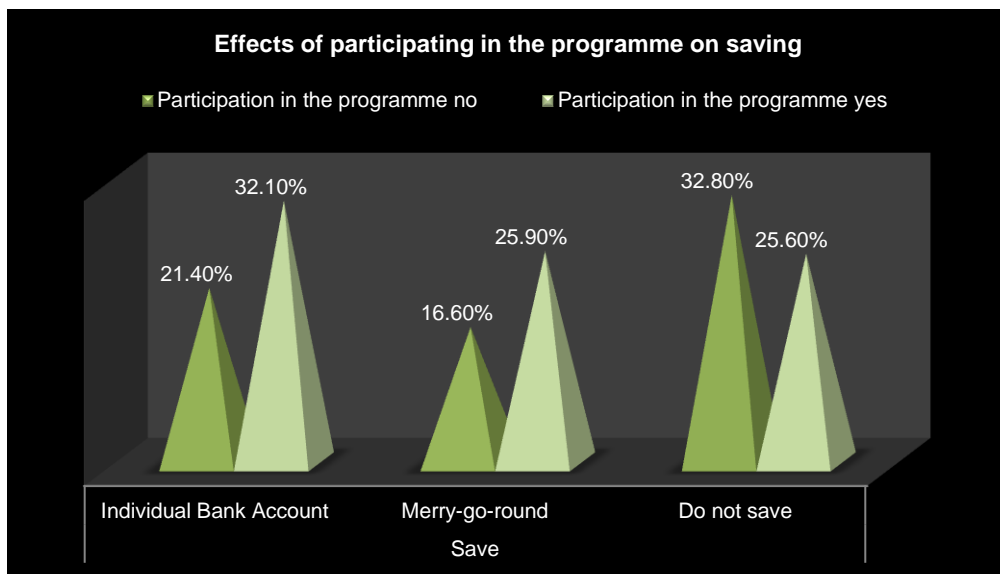
The following question was also asked: "Who is the head of the household?" The expression "head of the household" means the person responsible for decision-making in the household. The idea behind this question is to ascertain if participation in the programme would eventually influence the participant's position in the family (mostly women). The hypothesis being: beneficiaries being empowered by the programme and earning more income might eventually become head of their household. Data shows that this hypothesis was refuted: participating in the PCTP did not influence the position in the household as head of the family. 38.7% of the beneficiaries mentioned they were head of the household versus 40.6% of the control group⁵¹.

Data from the survey demonstrated that participating in the programme favoured the ownership of a bank account⁵²: 52.8% of the beneficiaries own a bank account compared to 35.4% in the control group. This finding is coherent with the qualitative information collected through the FGDs during which respondents mentioned that the programme helped them learn how to manage their personal finances. Among other financial practices, they mentioned learning through the PCTP, they talked about now being able to manage their own bank account and being knowledgeable of how to save money. The following table addresses this subject financially:

⁵⁰ Concerning the first group, this situation can derive from the fact that the programme targets the most vulnerable and marginalized groups of people in the region. Based on their disadvantageous position, they earn less than the control group.

⁵¹ For the beneficiaries, out of the 13 that answered "Other", 9 specified that both they and their spouse were head of the household which added to the answer "Yourself" represents 41.6% of the total number of beneficiaries. For the control group, out of the 8 that answered 'other', 6 specified the same answer, meaning 42.8% of the total control group. Thus, there is still no statistical effect from the participation in the programme on the position in the family as head of the family. In the programme's baseline study, it is mentioned that in 36% of households, women are in charge of decision-making on matters pertaining to household needs. To a certain extent, this demonstrates a positive change considering what is said in the present paragraph and the fact that the 90% of the 38.7% mentioned in the table above are women.

⁵² In comparison with the baseline study data, it seems that beneficiaries in the present context have proportionally less access to a bank account than they did during the baseline study (40% did not have a bank account at the time where now, this figure has gone up to 47.2%)



The data in the figure above supports the findings concerning the ownership of a bank account (beneficiaries use to a greater extent their bank account to save [32.10%] than the control group [21.40%]). In addition, the data demonstrates that beneficiaries rely more on their self-help group to save money than individuals in the control group⁵³. With reference to the above figure, those that practiced the concept of “Merry-go-round” represented 25.90% of the beneficiary group, and 16.60% of the control group. This is a micro-savings practice is when small amounts of money are collected from all members of the group, and loans are given to those who have been contributing. It is referred to as a merry-go-round since loans are given one at a time until everyone in the group has had a turn⁵⁴. The fact that 74.4% of beneficiaries now have savings is a significant change, as the first SIA mentions that a majority of the beneficiaries (64%) did not have savings. What is also interesting in the evaluation survey data is the fact that the micro-saving technique is more popular among the beneficiaries than the control group. During the FGDs, the respondents addressed the possibility of managing finances as a group; for them, the group is an institution in which financial possibilities are multiplied. For example, by contributing to a group fund, many groups can now make money as a collective. Many respondents mentioned that these types of funds allow for saving and borrowing among members as well as from investment as a group. One specific group mentioned they had collectively bought land using the funds they were able to generate. Using the micro-savings, or Merry-go-round technique, another group mentioned they contributed to retirement funds, health funds and funeral funds for the group’s members.

More data supports the above findings: 9% more beneficiaries borrowed money in the last year than the control group individuals and the most popular way to borrow for the beneficiaries is directly from their groups (14.8% compared to 0% for the control group, the control group borrows more than the beneficiaries from banks and the informal sector with higher interest rates). In the first SIA conducted, it had been determined that 16% of beneficiaries cited loans as their other sources of support (vs. earning money) most of which was borrowed from micro-finance institutions (Kenya Women Finance Trust servicing about 10%). Many respondents from both groups mentioned that they had borrowed from “other sources” (9.6% for the control group and 10.2% for the beneficiaries). The most popular answers given when prompted included:

- Friends and family;
- Government youth fund;
- The programme;

⁵³ Amongst those who save (74.4% of beneficiaries VS 67.2% for control group), the beneficiaries mention they do so using in first position individual bank accounts (32.1%) and in second position using Merry-go-round (25.9%)—which is more than the control group.

⁵⁴ Information provided by interviewees and beneficiaries; more information on “merry-go-round” micro-financing is available at: http://lishamtoto.org/index.php?option=com_content&view=article&id=60:merry-go-rounds&catid=37:blog&Itemid=69

- Church; and
- Cooperatives.

The main difference between the two groups, in terms of why people have contracted loans, is the fact that 10% more beneficiaries wanted to borrow for school fees. This again can be interpreted as being a result of support by self-help groups for its members. Since the beneficiaries can more easily borrow from their self-help group, they do so to invest in their children. During the FGDs, many respondents mentioned that one of the main changes brought to their families through the programme was that they could more easily pay for their children's education. One respondent even mentioned she was able to pay for college for her children. Many others said they could pay for their children's clothing as well. Indirectly, the programme supports the families of the beneficiaries through the financial possibilities the self-help groups provides. This is a spill-over impact and affects the beneficiaries' children's education.

Data shows there is no real impact of the programme on desiring a loan to build a business. In fact, more control group individuals would want a loan to start a business (39.5%) than beneficiaries (31.5%). This could mean that beneficiaries invest in their children first. However, an important aim of the programme is for the beneficiaries to be able to manage small businesses through trade. At the time this evaluation was conducted, this aim seems to have been only partially reached, as responses to the survey show that:

- 48.9% of beneficiaries own a small business while 53.1% of the control do (no impact);
- When the respondents did mention owning a business, the beneficiaries do not count more employees than the control group;
- 87.2% of beneficiaries would like to own a business in the future, as compared to 90% of the control group (no impact); and
- The two preceding points are balanced by the fact that, for 90.8% of the beneficiaries, their main occupation/livelihood relies on trade while it is only 79.3% of the control group's main occupation, resulting in a 10% difference.

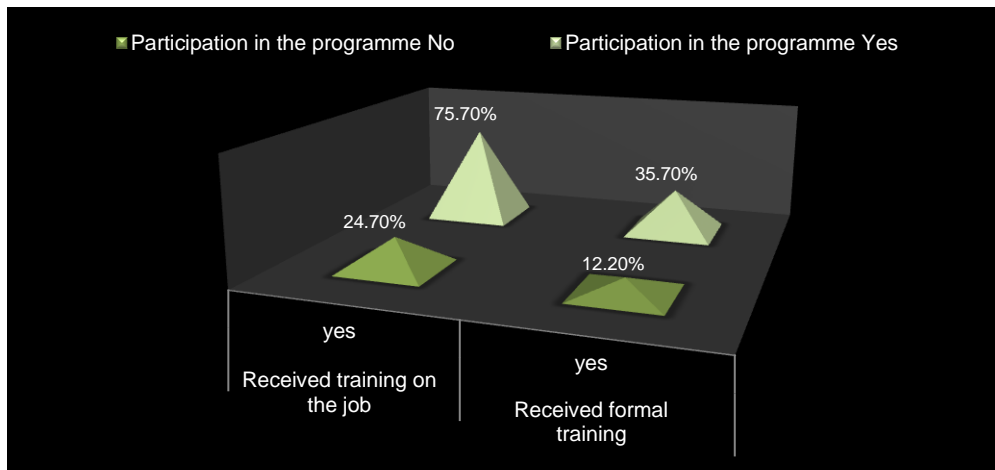
To summarize, one can state that the programme has had an "income shock" impact on the beneficiaries. Indeed, it has been demonstrated that the programme produced an income increase for the beneficiaries and an improved capacity to save and to borrow money. Thus, although the trading opportunities created by the programme do not produce a regular flow of income, capacity building in terms of finance management for the beneficiaries has empowered them to use and manage the income received during orders in a sustainable way. The self-help groups support this income shock as they allow for the members to leverage the money they make by pooling it.

Skills and Training

Although the vast majority of all respondents mention they can teach others the skills they use for work (over 90%), 5% more beneficiaries than the control group mention they can. During the FGDs, many respondents stated that when a new member joined the group, each individual is responsible for training the new-comer. A respondent described an EFAL event for which two production units worked in tandem and during which each group presented to the other what they were doing and the skills used. In addition, a number of respondents mentioned they had enjoyed meeting other groups and exchanging experiences. This is an interesting point and EFAL could augment the number of events during which groups can meet.

The training activities conducted by the ITC and EFAL have addressed mainly two general elements: 1) training on technical skills and technical assistance directly linked to the orders received by the fashion houses (including quality control at the Hub); and 2) mentoring and capacity development on entrepreneurial skills mostly to manage production, keep records of who worked on which order, how long, the salaries, etc. Concerning the first element, the evaluation team was provided with overview documents of three official trainings held in the summer of 2012, provided to seven self-help groups from the programme, including the social enterprise. This would mean that at three events, groups of about 30 beneficiaries were invited to EFAL to follow the trainings. The participants received this training outside their normal working environment. This makes a difference between "on the job

training,” continuously provided by the programme while individuals are working, and “official trainings”. The overview documents of the trainings described the types of training provided to the participants and details about daily activities. Training themes varied between stitching; accuracy of beading to pattern; quality control points, embroidery, critical path and flow, packing and labelling, stitching of zips; and general skills capacity building. The graph below addresses different variables linked to trainings; it shows that beneficiaries receive more training in general than control group individuals.



In addition, the evaluation team was provided with four “two-minute how-to” videos produced by a fashion house involved in the programme, which explained to the beneficiaries how to do particular tasks for the development of certain products. For example, the videos demonstrate how to stitch a zipper on a bag or how to paint leather edges. In terms of entrepreneurial skills, they were provided through ‘on the job’ training.

Concerning training ‘on the job’, the difference is high: 75.7% of the beneficiaries received training on the job while only 24.7% of control group individuals mentioned receiving such training. In terms of ‘official training’, the numbers are 35.7% (beneficiaries) and 12.2% (control group). This data proves that the programme provides training to the beneficiaries. The official training has only been conducted since summer 2012, which explains the lower rate of respondents having received official training. Respondents mentioned during FGDs that the supervisors play an important role when it comes to on-the-job training, as they were always present. The technical training they received was directly linked to the production they were working on. For example, the Maasai group has beading as an ancestral skill; however, they received training on how to bead words for the orders from the fashion houses. They had never used writing in their beading work before. They point out this helped them become more creative.

In terms of what type of training the beneficiaries received, profiles of both groups were similar. For the beneficiaries, in addition to technical skills (from FGDs: tailoring, beading) and business skills during the FGDs), many respondents declared they had received step-by-step, concrete training on how to develop high-quality products. In addition they also reported that they also received training in communications, product development, how to be creative, etc. This qualitative information is supported by the quantitative data as 10% more beneficiaries mention they have received both technical and business skills together than the control group.

Supplementary data shows that the training received by the beneficiaries is used while they are working on other jobs than the orders (87.1%). For the control group, the percentage drops to 81.1%. In the first SIA study of the programme, it was mentioned that 78% of the respondents were able to use the skills learned [in the programme] for their own jobs. This means more beneficiaries can now use their trainings in jobs than on orders. A total of 95.3% considered the trainings they received to be ‘very useful’ to ‘somewhat useful’. This expressed gratitude of the training received is very similar to the appreciation expressed by the control group.

Some beneficiary respondents from the EFAL hub pointed out that the EFAL paid for their studies (college and universities). The aim is to support the beneficiaries working at EFAL to acquire the needed

skills to eventually transfer management and marketing responsibilities to the social enterprise and the graduate students. However, this is not the case with the production units. This is an issue that should be raised among programme managers to correct the situation. It is true that the EFAL hub has a different role in the sense that it takes care of management and coordination of the orders as well as QC, but equilibrium should be reached to make sure that the production units are treated in an equitable way compared to beneficiaries at the Hub.

An interesting point raised during the FGDs is the fact that through these trainings, the beneficiaries stated they became more and more ‘marketable’, meaning new opportunities could eventually arise and the beneficiaries would be ready to tackle them. As a result, it can be said that the training is a very strong element of the programme.

Spending

On all three survey questions related to monthly spending, it was found that the beneficiaries systematically spent more on housing, education and medical expenses. The highest difference between how much beneficiaries spent compared to the control group is on medical expenses (39.3% more). This was followed by spending on education where beneficiaries spent 23.18% more than the control group respondents. This is consistent with what was found during the FGDs. The difference in terms of spending on housing is 21.7%. This information further confirms the income shock: even though the increase in income is only felt when orders are received, the beneficiaries have the ability to spend more on many aspects of their everyday life.

During these FGDs, some participants also declared having increased their spending on machinery, vehicles and side-line businesses. In terms of side-line businesses mentioned during the FGDs, the different types are:

- Clothing production;
- Soap production;
- Pottery production;
- Farm (sheep) management; and
- School children’s uniforms production (as a group).

Confidence and pride

To measure the levels of confidence and pride of the survey respondents, the following scales were used in the related survey questions.

| | |
|-------------------------|---------------------|
| Very Confident: 4 | Very Proud: 4 |
| Somewhat Confident: 3 | Somewhat Proud: 3 |
| Not Very Confident: 2 | Not Very Proud: 2 |
| Not at all Confident: 1 | Not at all Proud: 1 |

On average, the beneficiaries were 1.9% more confident than the control group respondents in the tasks and activities they conducted during the day. One FGD participant talked about the effect of the programme on her confidence level in the following terms: “my confidence comes from the capacity development sessions and training I received. The responsibilities that my supervisor gives me also help me in that sense. I can now send e-mails to the representatives from the fashion houses, something I never thought I could have done before.”

It was found that the beneficiaries had 6.2% more pride in the work they did to generate income than the control group. This is a significant finding as it points to the fact that the beneficiaries have acquired skills they seem to like; indicating that their pride might come from the fact that the skills they acquired gave them a sense of accomplishment. Also, what they produced are fashion products considered beautiful enough to be purchased by international fashion houses: this seems to make them proud. The beneficiaries mentioned that because they can now provide for themselves and their families - they are

even prouder. As one FGD participant mentioned: “I see things in the stores and I can now produce it myself.”

Career possibilities for the beneficiaries were also been discussed during the FGDs as a reason why they are now more confident and proud. On the other hand, the advancement inside the groups has only been brought up during the FGDs with participants from the Hub. In other FGDs, as mentioned above, the opportunities of advancement are seen outside the programme as the beneficiaries become more and more marketable.

Environment

Unfortunately, the environment theme was not discussed in-depth during the FGDs and hence, qualitative information is lacking in that sense. Nevertheless, it can be said that beneficiaries are more aware of human activity as it harms the environment than control group individuals; the difference of awareness is quite substantial (70.5% of beneficiaries believe so, whereas 38.4% of the control group believe it.) Beneficiaries are also more prone to use recycled material in this line of work than the control group individual. The two main recycled material used by the beneficiaries are plastic and used fabrics. In fact, for the used fabrics, the beneficiaries use it 127.8% more than the control group (32.8% of the beneficiaries use it whereas 14.4% of the control group use it.)

2.2.3 Efficiency

The ITC has three main funding sources:

- The Regular Budget which comes from the UN and the World Trade Organization (WTO): this budget finances among other elements, regular staff salaries and the ITC’s facilities;
- The Window 1 (W1) budget coming from donors in lump sums or with some earmarking: W1 yields more innovation in programme/project designs.
- The Window 2 (W2) budget financed by donors and which is provided for bilateral programmes.

The EFI was financed through the W1 sources. The PCTP is also funded by W1; this allows for the programme managers to have more freedom in the way they implement the PCTP. In terms of finance, data collected through the ITC server demonstrates the following: The EFI pilot phase was financed by Germany; the PCTP’s in general by Norway. The budget of the whole PCTP is \$5,475,713 US. This budget is provided for activities in three countries: Ghana 10%, Kenya 40%, Uganda, 30% and Haiti, 10%. The EFI Ghana, financed by Switzerland, has a budget of \$3,467,001 US. However, the targeted countries are not only Ghana, which is supposed to use up 60% of the budget, but also Burkina Faso and Mali, each with 20% of the budget.

Of the \$5,475,713 US PCTP budget, at the time of writing \$3,675,713 US has been disbursed (63% of the total programme’s budget, and the programme is to be implemented between April 2011 to December 2015). This means 37% of the budget is left for the last three years (60% of the full duration). Of the \$3,675,713 US dispersed, \$2,792,089.86 US was used for:

- ITC Advisers from the programme (not by ITC staff on the regular budget) (\$1,661,033.77 US)
- International consultants (\$379,449.23 US)
- Administrative support personnel (\$216,552.25 US)
- Travel by personnel (\$390,385.20 US)
- Travel by headquarters staff (\$66,952.96 US), and
- National experts (\$77,715 US).

In addition, disbursements of \$147,230.20 US went to subcontracts. There were no grants for institutions; \$198,563.64 US went to group trainings \$16,500 US went to expendable and non-expendable equipment as well as for premises, and \$98,459.92 US went to sundry.

Hence, \$2,792,089.86 US/\$3,467,001 US = 75.96% of the PCTP budget up to now has paid for salaries and travel. This is because programme staff only manage it but also carry-out most of the operational activities (capacity building, market development, product development, communication and so on). A document entitled *2012 Budget per output* reveals how the 2012 annual budget is dedicated to each output of the programme (below). This gives an indication of areas in which the budget was spent. By adding the outputs that are mostly operational, the full percentage amounts to 64.76% of mostly operational work.

Table 5: Budget per Output

| OUTPUTS | Proportion vs. Grand total |
|---|----------------------------|
| Output 1.1. Tools: Management unit (Mostly Administrative) | 12.82% |
| Output 1.2. Communication and development of the ethical fashion segment (Mostly Operational as it produces the work of communication with media for market development) | 15.52% |
| Output 1.3. Tools: Training for MSMEs (Mostly Operational) | 7.26% |
| Output 1.4. Tools: Business model including the Corporate Social Responsibility (CSR) framework (Mostly Administrative) | 7.89% |
| Output 1.5. Tools: Impact assessment system (Both operational and administrative). | 6.72% |
| Output 2.1. Tools: Defining EFAL's legal framework (Mostly Administrative) | 1.81% |
| Output 2.2. Market development (Mostly Operational) | 19.28% |
| Output 2.2. Tools development (Both operational and administrative as it is about developing the management procedures for the social enterprise while co-managing it for mentoring and coaching purposes) | 18.76% |
| Output 2.3. Domestic market (Mostly Operational) | 1.59% |
| Output 2.4. Tools: Implementation of the Fair Labour agenda (Mostly Operational) | 3.80% |
| Output 2.5. Synergy with other programmes (Mostly Operational) | 2.11% |
| Output 2.6. Leather (Mostly Operational) | 2.44% |
| Total | 100% |

In addition, the document entitled *Financial and Economic Impact* produced by the programme, demonstrates that the investing in trade, will generate returns that exceed the investments. The impact for the beneficiaries is the trade generated:

Table 6: Returns on trade Investments

| Year | Investment | Trade generated | Return |
|------|------------|-----------------|----------|
| 2011 | 291,000 | 551,729 | 1.895976 |
| 2012 | 313,552 | 592,312 | 1.889039 |
| 2013 | 313,552 | 1,049,600 | 3.347451 |
| 2014 | 250,000 | 1,141,600 | 4.5664 |
| 2015 | 120,000 | 1,417,600 | 11.81333 |

According to Table 6 above, in 2011 and 2012, for every dollar invested in trade development activities, 1.9 dollars of trade is generated. Starting in 2013, the ratio almost doubles and keeps increasing quickly to reach 11.81 of trade generated for every dollar invested. The trade generated is calculated on the basis of sales forecast provided to the evaluation team by the programme's buyers (from confidential documents that cannot be shared herein). In terms of communications for the ethical branding of the products developed by the programme, the document mentions that every dollar invested is multiplied by 5.28% in terms of value of media coverage.

Up until now, programme finances seem to be well managed and oriented toward operational work, although a lot of funds have been already disbursed at this stage of implementation. As stated above, to make sure enough funds are left to complete implementation of the programme, the operational work by the programme staff should continue to be gradually transferred to EFAL staff. It must be noted that the

West Africa EFI budget considered, the efficiency of the end of the programme does not seem to be compromised.

2.2.4 Sustainability

What characterizes the PCTP is the direct link between the workers in the production units and the international market. This link is maintained by the quality of what is produced through the programme. Many respondents see this as a positive factor in terms of sustainability. Many interviewees have repeated that much of the training delivered through the programme consisted of sensitizing beneficiaries to the importance of developing high quality products - “world class products” - including the “how-to videos”. EFAL is gradually made responsible of ensuring the quality of what is produced and delivered to the fashion houses. QC is done at the Hub where support by ITC representatives is delivered. This crucial point will ensure sustainability of the programme.

Even more important is the mentoring process that will permit the national beneficiaries at EFAL to be involved in the business links with the fashion houses. In the PCTP workplan, this mentoring started at the beginning of the programme with two staff members seconded to it. This area of work will be based on the development of strategic partnerships between some of the buyers already engaged in Kenya and EFAL staff. The programme develops with them a standardised area of work that produces collections of accessories every season. This means that EFAL could become a regular supplier on its own. All these activities should start in 2013 and should finish in 2015.

As mentioned in sub-section 2.1.3, an important threat to sustainability of the programme is the market risk whereby regularity of the demand is not ensured. There is always a market risk in any trading activity. However, in this context, although it is vital for the survival of EFAL and the programme itself to develop the international ethical fashion market in new parts of the developed world—elsewhere than in Europe where the market has been less solid in the last few years—much information collected through interviews and FGDs point to the fact that developing the local and regional markets where the production is done is also a relevant risk mitigation strategy. Even though these markets are not normally a focus of the ITC, several respondents, including ITC representatives, have highlighted the importance of developing them. The aim of developing the local and regional markets could be combined with the aim of empowering the social enterprise. Responsibility of developing these markets could be more fully, and more quickly shared with EFAL. Again, entrepreneurial training sessions could be the point of entry for this strategy, and could support the social enterprise and the production units in their quest to develop these markets. Outcome 2 of the PCTP’s workplan states that “...the international and domestic value chains...” should be addressed in terms of capacity building.

Although the Fashion and luxury business appears fairly resilient in the face of the economic shift, continuing economic woes in the Euro zone, a declining Japanese economy and a slow recovery in the USA will likely lead to a very modest spending in luxury items in main world markets.

Today 43% of wealthy Chinese plan to increase their spending on luxury products in the upcoming year; in Japan, this increase is 10% and in the United States, 9%. These figures should help orient future market development efforts made by the programme and the social enterprises involved in emerging markets like Brazil, Russia, India, China, and South Africa (BRICS countries). These countries will be the driving demand for Fashion and luxury goods. BRICS now account for 11% of the total luxury sales, which should be at 16% in 2017, hence an increase of 78% in terms of real value⁵⁵.

The risk of a declining fashion market on PCTP could therefore be limited. This also means that the PCTP should continue working *from within* the markets where the emerging demand for Fashion products can be found.

Another important challenge to the sustainability of the programme is to successfully implement the establishment of a permanent partnership between EFAL and two or three buyers. It is important that

⁵⁵ Online, site last visited 10 January 2013: <http://www.brandchannel.com>

beneficiaries manage the marketing link with the international fashion industry, once ITC's management team will have left at the end of the programme. Beyond the management systems addressed at the beginning of the chapter, more must be done to ensure that the whole structure does not collapse once the Kenya EFI ends. Some answers on how to make sure this does not happen are discussed in the Purpose 2 section of this report.

3. LESSONS LEARNED AND BEST PRACTICES

Lessons learned have been derived from the first two years of the PCTP implementation. These lessons can be applied in the Kenya EFI, in other PCTP EFIs, and eventually in other programmes. The main lessons learned from the programme are the following:

- The criteria used to select the beneficiaries to participate in the initiatives are important and need to be determined with care and agreed upon by key stakeholders. They play a significant role in the success of the EFIs as they ensure more efficiency. Choosing individuals who have a basis in the skills for which they are hired ensures that the investment in the trainings will generate quick and positive results in the short-term, for the programme's implementation and the delivery of quality products for the buyers.
- Efforts should focus on managing demand and balancing it with the ability of the beneficiaries to respond to the demand. The experience of having a large order which was not followed by other similar-sized orders has led programme managers to understand that they must choose wisely which orders they will seek and accept. This information was carefully passed on to the stakeholders as an important lesson learned.
- Although synergies with other programmes can usually avoid duplication of efforts and increase effectiveness and efficiency, because the essence of the programme is built on delivery of quality products, the risk that partnering with other non-ITC programmes could eventually affect the overall quality of what is generated is real and somewhat high.
- Irregularity of demand is an important threat to sustainability of the programme. Thus, developing new clients among international fashion houses is important to ensure regularity of orders. However, developing the regional, national and local markets is equally interesting for the benefit of the beneficiaries.
- According to the programme's workplan, many efforts have been put into setting-up and implementing the management systems in the first two years of the programme's lifespan. In the opinion of many, this will lead to more efficient implementation of the programme.
- The demand-driven model of the PCTP stresses the importance of providing the 'stories' behind the ethical production to the customers that buy the resulting fashion merchandise. Communication also plays an important role in the PCTP as it helps to create demand for the ethical fashion products by sensitizing the buyers. Therefore, communication with the consumers of the programme's ethical fashion products should be ensured through media attention brought to the programme (magazine articles and YouTube/TED videos).
- The SIA in its entirety is a solid tool. The implementation of SIA is important for the programme because it ensures a regular monitoring of impact and results, and this tool is useful to make informed decisions as well as to take corrective actions during the course of the project. The SIA methodology developed by the programme could be used on a larger scale in circumstances other than the programme. Gathering this type of data facilitates assessment of the impact of ITC programmes on end-users.
- The production has to be responsive to the demand.
- The link between the beneficiaries and the international fashion market has to be rendered *directly* by the programme—through the ITC and the social enterprise. In addition to having positive effects on sustainability, transaction costs are lowered for the short- and medium-term to facilitate the development of the inclusive business model.

- Pilot projects are a good way for testing an initiative.

4. RECOMMENDATIONS (PURPOSE 1)

The following recommendations are expanding on the recommendations outlined in the Executive Summary. The below recommendations are intended for the purposes of enhancing project management.

- It is recommended that the SIA *reports* be built on a stronger analysis through which lessons learned and recommendations would be distilled from the SIA exercise. In addition, annual reports could aggregate information from all the SIAs conducted during the year to convey an overall picture of what impact the programme is having on beneficiaries at the macro level.
- It is recommended to conduct SIAs in others programmes. SIA methodology should be adapted to the other programme realities, and the questionnaires should be kept to a manageable size so as not to become a burden for the management. Programmes are also encouraged to include a budget to integrate this practice.
- It is recommended using the information presented in the SIAs in the promotional videos.
- It is recommended that in the medium-term, the fashion houses should start increasing their contributions either in kind (training) or financially to the programme. To ensure sustainability, some financing will have to remain once the ITC gives the social enterprise responsibility of coordinating the programme, including ensuring the link with the international fashion market—managing the inclusive business model. This would be a regular transition in the long-term from a development programme to full-blown fashion houses' CSR activities.
- It is recommended that the ITC and EFAL focus on diversifying to high-margin fashion products and accessories, as they can generate through the strategic partnerships with the fashion houses. In the present context, the types of products delivered are mainly bags. This could open doors to the development of strategic partnerships with new fashion houses.
- It is recommended that the efforts already being put into the transfer of responsibility from ITC to EFAL be accelerated while giving the social enterprise the needed support for the transition. The QC operations are being transferred to EFAL; as already stated, mentoring the social enterprise in the development of marketing and business development activities with the fashion houses is important for the sustainability of the programme.
- Despite the fact that EFAL and production units are all part of the same network, and that it is difficult to detach one from the other, it is recommended that in the short-term, ITC focus more attention and efforts on production units and give EFAL more and more responsibilities so it can become increasingly autonomous (with on-going support from the ITC).
 - This includes making sure the advantages provided to the beneficiaries at the Hub are also provided to the beneficiaries at the production units' level, when desirable.
 - It is understood that there is more capacity in EFAL because the Hub is responsible for the QC. An idea is presented in the workplan and should be implemented in the short-term: eventually, EFAL should start playing the role of trainers for the production units with the supervision of the ITC staff.
- It is recommended that more opportunities for multi-group trainings, seminars and/or events be organized to gather the different production units, as many have expressed that these types of events were beneficial and generated remarkable results.
- It is recommended that the nature of the different 'segments' of the programme and the names used for each be clarified (if need be by using the present report as a test). Indeed, to this day, not all stakeholders use the same names for the pilot phase, the programme, and the different regional initiatives. This issue is all the more exacerbated by the fact that a new name has come up for the EFI: the United Fashion Initiatives. In addition to the fact that this name is already

used for branding activities of other companies, changing the name of the initiatives might have the perverse effect of confusing the targeted consumers.

- It is recommended exploring new market avenues and consider establishing the next social enterprises in Brazil and Asia since the demand for fashion goods is expanding fast in BRICS countries, while the European, American, and Japanese economies remain volatile.
- It is recommended to ensure enough funds are left to complete implementation of the programme, and current operational work by the programme's staff should continue to be gradually transferred to EFAL's staff. Considering the West Africa EFI's budget, the efficiency of the end of the programme does not seem to be compromised.
- It is recommended that the programme have a full-time professional working on developing training and capacity building guides; conducting the training could be a viable possibility.
- It is recommended that the SIA methodology be used throughout the ITC, which would allow for the institution to centralize the data collection on all similar programmes and share the knowledge with the representatives from these programmes.

PURPOSE 2 – LESSONS TOWARDS REPLICATION OF THE PCTP

The internal positioning of the PCTP in ITC, and at times in the UN, was an important theme of discussion during the interviews. Due to the unique elements on which the PCTP was built (i.e.: nature of the market it works in) it was recognized by almost all interviewees as being a high-profile programme in the ITC and gives visibility to the institution - both inside the UN and the general public⁵⁶. The business model used by the PCTP is intriguing to representatives from other ITC programmes⁵⁷. Some of them would like to learn more about its processes (how it works, what are its success and limiting factors) to apply its rationale in other regions of the developing world and in other sectors. However, a number of respondents have also mentioned that if the business model is well adapted to the fashion industry it is not necessarily the case for other industries. A few respondents also mentioned that the programme's unique implementation methodology and business model should not be the *only* strategy for the ITC; it should stay combined with other strategies such as e.g. national trade policy development support.

These discussions, among other factors, justify the development of the present purpose of the mandate:

“On the basis of the experience of Ethical Fashion project in (a) Kenya, (b) the current process of scaling it up in Ghana, Burkina Faso and Mali, and in Haiti, and (c) its activities to develop a dynamic and significant ethical fashion consumption segment in the international fashion market, the evaluation will draw lessons to build up a management model that ITC can use with the aim to replicate, systematise and strengthen the experience of PCTP in other contexts. What are the risks of scaling the programme up and what are the recommendations to address eventual risks? What lessons can be drawn for the implementation of PCTP at a larger scale? How can the programme maximise developing countries' participation, presence and identity in globalised fashion industry markets? How to adapt the ITC business model to other markets and industries?”⁵⁸

This purpose concentrates efforts on showing how the whole PCTP experience can serve as a basis for other similar experiences upon which to build. This includes discussing elements from the present implementation process in the West African EFI (Ghana, Burkina Faso and Mali). Thus, the section below will address this thematic area.

⁵⁶ As an example see: <http://www.nytimes.com/video/2012/11/15/fashion/10000001905768/ethical-fashion.html> site visited on 28 November 2012.

⁵⁷ Some donors would also like to know more about the internal operations of the PCTP; it could eventually benefit the programme in terms of available funds according to some respondents.

⁵⁸ International Trade Centre. July 2012. *Evaluation Terms of Reference: Poor Communities and Trade Programme*. p.5

5. ANALYSIS OF THE INTERNATIONAL FASHION MARKET

Fashion is an industry that has to renew itself constantly. Fashion houses are struggling to stand out in a crowded market with a relatively small demand (even at the international scale). The main goal of ‘fashion collections’ presented by these companies during fashion shows is to demonstrate that their designs have something unique intrinsically defining them.

In addition to innovating in terms of street wear and design, much of the marketing surrounding the fashion business development strategies is oriented towards building what are called ‘stories’ around the products sold: How were the products assembled? Where were they produced? What material has been used? Has it been made by artisans? Was it handmade? These elements constitute the ‘stories’ that bring added value to the fashion products. Thus, having a story such as developing high fashion street wear in the slums of Nairobi, using recycled materials all the while selling a high quality product, is a marketing strategy for the fashion houses as much as a way for them to provide work to poor, unemployed Kenyans in an environmentally friendly way. These marketing strategies are basic CSR elements. They help the companies sell their products to consumers that are interested in these kinds of stories and at the same time operate in a responsible manner.

However, the win-win situation is all the more important in the fashion industry as, to a certain extent, there is still not *that much* pressure from the international community, the institutional investors and/or the NGOs on the fashion houses to engage in CSR. The rationale behind the high fashion CSR is to do things in a responsible way but not with the aim of correcting some kind of ‘harm’ the industry may be doing. CSR marketing efforts in the high fashion industry are oriented towards convincing the consumers that the products are better than the others *because* they are ethical, not to convince them to buy the product *even though* its consumption greatly harms the environment and/or communities. The rationale is to create social expectation concerning the products.

5.1 The Ethical High Fashion Demand and Potential Expansion of the Business Model in other Sectors

Who buys ethical fashion products? What is their profile? They are categorized under the Lifestyles of Health and Sustainability (LOHAS⁵⁹) segment of the overall population, which is made of individuals who value health and the sustainable origin of what they buy, above rational elements such as price and distribution. They are composed of a relatively upscale and well-educated population. For people with LOHAS profile, virtue (the ethical value of the product or service) is equally important as the perceived quality. LOHAS spending is increasing; in 2006, it was estimated to be a \$300 million market in the United States, accounting for 30% of the USA population. Today, it has probably exceeded the majority, becoming a mainstream phenomenon, helped through access to information on the Internet.

The fashion industry generates high margins of profit *per unit* for the few traditional fashion houses that stand out in the market—among others the well implanted and known companies already involved in the PCTP. Indeed, the consumers pay high prices to have unique high fashion quality products. This is all the more true since the counterfeit business is expanding rapidly in the international market; consumers will pay even more to make sure they are buying the real, authentic products. This is why the quality and unique nature of the products becomes so important. This is also why beyond the ethical component of the programme, the uniqueness of the products developed by the PCTP is marketable. Such conditions are present only in a few industries. For example, the jewellery and perfume industries have been cited as potential target markets for the expansion of the programme into other sectors.

It is true that the tourism industry also has an interesting profile and is already a sector in which development projects and programmes are being implemented. Indeed, the parallel between tourism and fashion can be made in terms of what the consumers are looking for when they decide to go ‘ethical’, that is, the unique nature of what they are paying for. However, an important difference can be noted between

⁵⁹ Online, site last visited on 5 January 2013: <http://www.lohas.com/>

the two markets: ethical fashion sells a product whereas ethical tourism sells a service. This one crucial element makes it rather delicate to extend the scaled-up PCTP business model to ethical tourism and is not recommended, at least in the short-term. In addition, ethical tourism has already a significant head-start compared to ethical fashion. The companies in ethical tourism are much more involved in the implementation of the 'ethicalness' of the service through CSR activities. Thus, if anything, the scaled-up business model presented here could eventually benefit from lessons learned from ethical tourism instead of the other way around.

This short analysis of what drives the demand for high ethical fashion products supports and rationalizes the business model presented herein. The following chapter describes how the scaled-up business model could be institutionally structured around the potential market for ethical luxury products.

6. INSTITUTIONAL STRUCTURE, TEAMS AND ROLES

6.1 Objectives: What Elements from the PCTP need to be scaled-up?

As noted above, the objective of the PCTP is:

MSMEs from the developing world are enabled to become more competitive, thus being able to generate regular flows of income and to reduce poverty levels in the communities where they are based, by using the inclusive business model and related infrastructures developed by the programme in the value chains of:

1. Ethical fashion (high street fashion) and lifestyle products (direct reach of the programme, through specific field projects);
2. Any other similar value chain where the business model can be replicated and applied (indirect reach, through advice supplied by an International Advisory Committee)⁶⁰.

Accepting the premise that demand for ethical high fashion products will be well rooted and will last once the movement will have been started, the main success factors that will permit the programme to reach this objective is that the direct link between the beneficiaries and the market is ensured by the programme in the medium-term, and eventually in the long-term by the social enterprise. This is the first building block on which the scaling-up of the programme's business model needs to be based.

Continuing in this line of thought, the following analyses some of the PCTP outcomes. Indeed, the second half of Outcome 2, as well as Outcomes 3 and 4 are forward-looking and are oriented towards the implementation of the PCTP in new EFIs. They are quite interesting for the scaling-up exercise; they imply real-time adaptations and adjustments of the main rationale of the programme to two additional and different regions of the developing world.

The focus of the half of Outcome 2 of the PCTP programme is that market linkages are made sustainable in the international and domestic value chains in ethical fashion and lifestyle products with EFAL facilitating capacity building to set up more social enterprises in Africa. For the up-coming EFIs in West Africa and Haiti, this step arises as a key to success. As it has already been recommended above, making sure EFAL is well-grounded, independent and relies on well-adapted procedures before moving forward with other rapidly-progressing activities, will ensure that the first social enterprise of the programme plays the role of backdrop support for the rest of the EFIs and their respective social enterprises.

This leads to the more in-depth discussion of what the role of the EFAL will be in the medium- and long-term at the programme level. From discussions and interviews, and as the evaluation team sees it, EFAL could become the 'central nervous system' of the full PCTP and progressively act as a model, playing an important role in terms of training for other EFI's social enterprises. This option is further analysed in section 6.2 below.

⁶⁰ ITC, PCTP, *PCTP Log frame*. October 2012, p.1, and ITC, PCTP *The Poor Communities and Trade Programme: Programme Summary*. February 2011, Geneva, p. 18

In terms of replicating this in other programmes, the main lesson learned is that testing the larger scenario (the full programme overarching the initiatives) on a smaller scale (the first initiative put in place) is important. The first initiative can, to a certain extent, become the ‘champion’ example for the rest of the initiatives to come and the first social enterprise can become the ‘master’ social enterprise for the full programme.

Outcomes 3, 3.1 and 3.2 of the PCTP programme read as follows:

Outcome 3: Market linkages established through an inclusive business model, for a sustainable export market for ethical fashion and lifestyle products supplied by micro-entrepreneurs in Ghana.

Outcome 3.1 (demand side): Increased international buyer demand for Ghanaian ethical fashion and lifestyle products.

Outcome 3.2 (supply side): Establishment of export capacity for at least 141,200 pieces for the ethical fashion and lifestyle market.

Outcomes 3.1 and 3.2 are a given; i.e., as the West African EFI is at its initial steps, the marketing activities are underway as well as the selecting and setting up communities to be involved in the initiative. The Ghana EFI’s particular way of developing market segments in the international fashion industry is different than how things are done with the Kenya EFI. This is mainly because the full structure of the initiative is different. Section 6.2, below, details the different elements composing the institutional structure of the West African EFI which helps consider different options for the scaling-up exercise.

A lesson that can be drawn from this outcome for the scaling-up is that, under the overarching programme, some flexibility needs to be intertwined in the procedure of setting-up the different initiatives. This means that design phases of the initiatives need to be sequential, based on in-depth pre-analysis of the region(s) they will be implemented in and an assessment of the communities that will be targeted as beneficiaries. This will avoid ‘one size fits all’ models for the development of initiatives that are to be implemented in different regions with diverse and dissimilar cultures.

Outcome 3.3: Clear agendas on fair labour practices and intellectual property rights (IPR) are introduced to institutional stakeholders of the countries.

At the time the evaluation was being conducted, the fair labour practice agenda had benefited from more of the programme’s attention and work than the IPR agenda, as the latter concerns issues which are more salient for the West African EFI than for the Kenya EFI (the presence of designers, hence creation and intellectual property, see section 6.2 below). Since designers will be working to create fashion lines, the intellectual property developed by the designers through their work will have to be protected. Work has started with a representative of the Ghanaian Ministry Trade to develop tools that will ensure IPR protection.

In terms of fair labour practices, they affect all EFIs equally, as they are linked to the working conditions of all beneficiary workers. The IPR issue is an element that needs to be taken into account at the macro level for the PCTP (and PCTP-like programmes), but at the same time taking into consideration the many details that constitute each region and each particular product developed by the initiatives.

Outcome 4: The project-based alliance with a social enterprise is established in Haiti and the relative business support and development infrastructure is outlined in view of launching a specific chapter of the programme in Haiti, with new donors’ funding.

During the mandate’s mission, no field visits were organized to Haiti, since Haiti EFI was at an even earlier stage of implementation than that of the West African initiative. In addition, the outcome itself is built through a pilot. For these reasons, the Haiti EFI will be considered in phase two to a lesser extent than the West African EFI.

Lessons learned from the PCTP to be applied in the scaled-up business model:

- Develop and ensure the direct link between the beneficiaries and the international market;
- Having a master social enterprise at the programme level which supports the development of the initiatives implemented under the overarching programme;
- Ensure marketing activities at the programme level to develop demand for the products sold;
- Make sure the designing and implementation activities of the initiatives under the programme are conducted in a flexible manner to enable an adapted version of the programme's rationale.

6.2 Structures, Alliances and Clients

6.2.1 Kenya and West African Ethical Fashion Initiatives

The Kenya EFI management structure is illustrated above in Purpose 1 of this report. As for the Ghanaian initiative, the management structure is inspired by the Kenya EFI with some differences and complexities. Figure 4 below, is the evaluation team's representation of the West African EFI supply chain and management structure.

The presence of the association of designers in the above figure is one of the main differences between the West African EFI's management structure⁶¹ and that of the Kenyan EFI. The links with the international fashion market are two-sided because the fashion product designs and development will be under the responsibility of the association. Thus, the nature of the link is different. Through the association, in addition to designing products, the internationally renowned designer managing the association will guide and mentor young designer apprentices. Thus, the link with the international fashion market is ensured by a national entrepreneur from the fashion world (the designer) who is very knowledgeable of the needs of the clients.

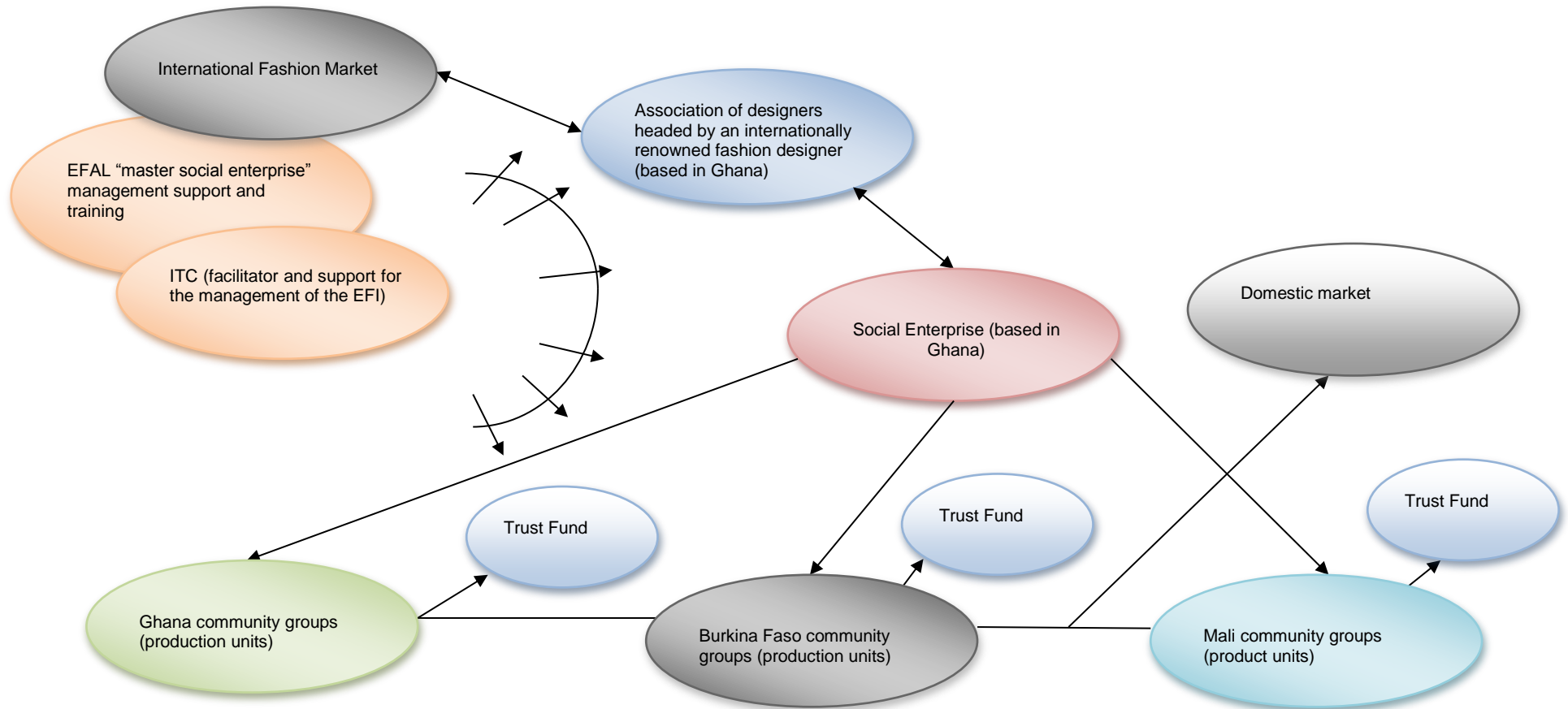
The structure has been built differently because the pre-analysis of the region and of the community skills revealed that a truly creative, native West-African talent in fashion was discovered in the country. In Kenya, the EFI is qualified by respondents as more 'industrial' with the most skills being technical (tailoring, weaving, brass and bone carving, etc.). In Ghana, the main technical skill that will be used is weaving. For Mali and Burkina Faso, organic cotton production has been seen as the main strength, among others.

A central nervous system for the entire PCTP: EFAL

The other very important difference between the Kenya and West African EFI management structures is the involvement of more than one country (Ghana, Mali and Burkina Faso). This means that, while starting a new EFI (Ghana), the programme will also be implementing a larger EFI involving three countries with different languages and cultures. In this context, EFAL could play a role at the programme level: it could bring management support and training for the new social enterprise being structured in the Ghanaian EFI—and eventually in the Haitian EFI. To a larger extent, still at the programme level, but in the longer term, EFAL, jointly with the new social enterprises, could constitute an intermodal hub to exchange lessons learned, best practices, case studies, etc. It could even become an open-source lab for innovation and creativity, capable of assembling artisanal skills, creating new skills, inspiring the fashion houses and the local artisans, designers, as creative partner, expanding its impact, thus spreading the ethical fashion movement. For example, local creativity sessions could be organized in the community to foster more creativity among the community members involved.

⁶¹ It should be noted that trust funds in Figure 4 were not yet in place at the time of writing, however they will be soon.

Figure 4: West African EFL's Supply Chain Structure



Main Elements and Flexibility

To sum up, the three main elements that remain in both EFIs' management structures are: 1) the ITC, 2) the social enterprise and 3) the community groups (with their respective Trust Funds expected for the West African EFI). All other elements need to remain flexible and adaptable although the main objective has to be the same for every EFI: connect the beneficiaries—poor individuals from the informal economy—with the international fashion market.

Once the management structures are in place, the Standard Operating Procedures (SOPs) need to be adapted to each structure to ensure sustainability. This means that the SOPs need to be specific for the West African EFI and for all other EFIs.

Although the main link between the EFIs could be EFAL, south-south exchange in the context of the programme could eventually arise and have been discussed during interviews. Eventually, segments of the production designed in the West African EFI could be developed and put together in East African (Kenya for now). This is in-line with developing a 'master' social enterprise at the programme level. The coordination and management efforts at the programme level could eventually be ensured by EFAL.

6.2.2 Lessons Learned for the Scale-up

In terms of lessons learned from the PCTP that can be (and are being) used for setting-up the West African EFI and eventually be replicated in other similar ITC programmes, here are the main elements:

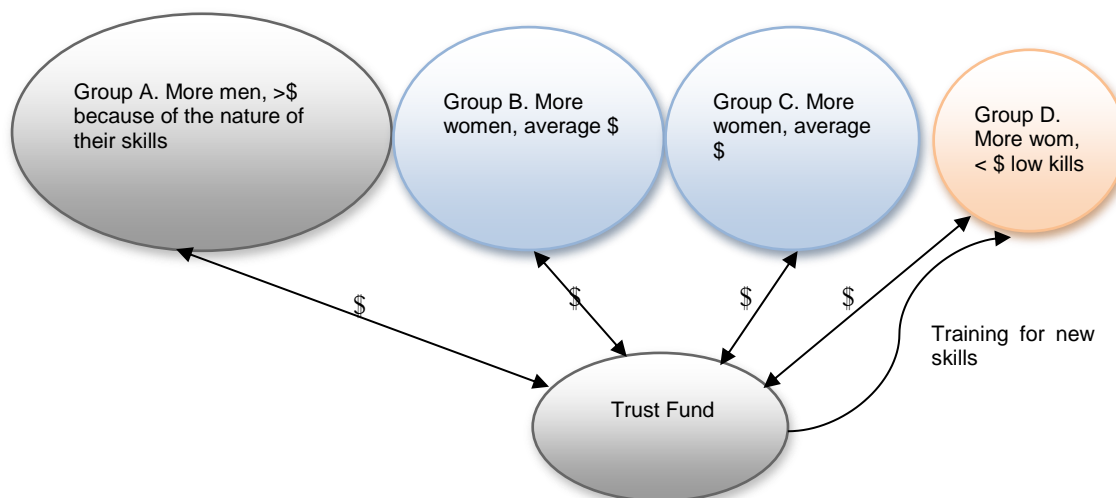
- A strong and solid programme-level social enterprise eventually coordinating the expansion of the essential elements of the programme's rationale into other initiatives;
- Entities of flexible forms ensuring a constant link—marketing, management and quality control links—between the initiatives and the market in which it is embedded. The word "entities" is used deliberately here, as their form and content need to remain flexible. For the Kenya EFI, the entity is EFAL (strongly supported by ITC for the moment) and for the West African EFI, this entity is the association of designers supported by the social enterprise; and
- Community groups producing the services and products for the markets.

The Income and Skills Themes (reference to section 2.2.2 above: Impact)

Regarding the issue of impact, as discussed in Section 2.2.2 above, the essence of the programme relies on empowering the beneficiaries as a whole, "giving them work and not charity", and bringing them out of the informal economy and into the formal economy. Apart from those working at the social enterprise, the majority of the beneficiaries operate in the community groups. The latter are the pillars of the programme—and so it should be for any programme in which the PCTP inclusive business model would be replicated. These production groups ensure the organization of the work of the beneficiaries, structure the production chain and facilitate communications with the social enterprise. In addition, they play a major social role for their members and support coordinated/grouped financial activities. This important element needs to be preserved and enhanced through the programme's support.

One social objective could be to ensure that the standard of living for *all* beneficiaries in the production groups is enhanced similarly among the differently skilled workers of each group. In the case of the Kenya EFI, it has been demonstrated that income gaps are created because beneficiaries working with certain types of skills are better paid than others. The programme, through the self-help groups, could play a role in ensuring that all individuals have a chance of working with these types of skills and get better paid. This does not mean installing an 'everybody gets paid the same' rule as this would not make sense in the type of programme promoted (trade). However, using the initiative-level Trust Funds, to which the self-help groups contribute, to support intensive training on high-level skills for groups where women are paid less could be a replicable solution for the scaled-up business model. An example of what a training project, supported by a Trust Fund, could do to regulate the issue of income/skills, could be to train and build capacity of women in skills that pay more. This would have a redistribution effect among all groups. The figure below depicts the logic behind this idea:

Figure 5: Trust Fund and the Redistribution Effect



Through the Trust Fund, training sessions could be given to the groups in which women are in larger numbers and where the skills used are less paid. If these women use higher-level skills, they could be better paid.

Skills for the Social Enterprises Staff: Mentorship

Notwithstanding the fact that without the production units, the initiatives and the overarching programmes could not exist. The importance of the social enterprises is undeniable for the PCTP but also for any other similar ITC programmes which would use the scaled-up business model. To enhance the skills of the representatives of the social enterprises here are a few pointers:

- Investing in the *formal* training of the social enterprises workers (quality control, management, marketing, etc.) is an important practice which can be replicated. This is already the case in the Kenya EFI.
- The empowerment of the social enterprise will facilitate the transition of the responsibilities from the ITC to the social enterprise, including the responsibility of managing the marketing activities with the fashion houses; the social enterprises could thus become more involved in the development of the strategic partnerships.

To increase the involvement of representatives from the social enterprise in marketing and trade relations with fashion houses, it is important to develop a mentorship structure. Mentorship supports the gradual regularization and adaptation of the social environments in which two very distinct business cultures meet; as demonstrated above, buyers represent a very particular profile of consumers (LOHAS). The main success factor of the EFI and the PCTP is the ability of the programme’s manager to manoeuvre and negotiate with these buyers. Before taking over the management of the programme, it is important that the social enterprise’s staff gain experience directly with the private sector of the fashion industry; they have to know how the latter works, understand how the buyers think, and know how to negotiate strategic partnerships with them. This type of knowledge cannot be learned through books and trainings; a participative approach (mentorship) needs to be adopted to ensure a successful transmission of the information.

Moreover, in the fashion industry, it is also very important to hire “attitudes”. We commonly say that in fashion, attitudes are hired attitudes and then skills are taught. National managers should not necessarily come from the fashion world, but they should demonstrate a tendency toward perfection, detail, love of creativity and a passion for aesthetics.

6.3 Teams and Roles

One of the key success factors of the pilot EF project and the PCTP is the distinct business-oriented profile the ITC programme manager possesses (see Purpose 1 section of the report). To implement the programme, the programme manager needs to be able to relate to the beneficiaries as well as to business people from the international fashion market. As mentioned above, the fact that much of the programme's success relies on the knowledge and capacities of a few ITC stakeholders is seen as a risk. However, although two of the important goals of the present scaling-up exercise are: 1) to reduce the risks of having a programme in which management is "personalized"; and 2) to render the management structure replicable, the fact remains that *strong business personalities* need to be present at the centre of the management structures of PCTP-like programmes. Hence, the idea of the scaling-up is to keep the benefits of the strong business personalities while reducing the risk of the whole programme relying on the programme manager's profile. If the ITC wants to generate programmes with similar high visibility effects, it needs professionals with similar profiles.

The ITC management systems need to ensure that these professionals can operate freely in the development and management of eventual PCTP-like programmes, where innovation would be nurtured. This means operating from the inside of the ITC to innovate in terms of new ideas for programmes, but also to stimulate the development of strategic partnerships with potential clients and increase the demand for the potential programmes' products: in other words, further innovation and market development.

What are the characteristics and the general profile of such potential future programme leaders?

- The profile of such programme leaders should have an extended understanding and practice of the industry of the programme he/she starts up and manages, in this case, fashion.
- The leader is generally someone who has general management in the industry with a good international exposure.
- The leader is an entrepreneur, a person who organizes, operates, and assumes the risk for a business venture while being in a large organization like ITC.
- The leader has a taste for risks and the ability to manage it; is skilled in "on the field operations" but also agrees to "report" and "comply" with bureaucracy.
- The leader should be recognized as such at the corporate level.

By nature, the ITC's working environment is complementary to entrepreneurship. However, the entrepreneurs might have some difficulty working in the organized and bureaucratic ITC working environment. Once professionals with this profile integrate the ITC ranks, it is important to foster their talent for innovation and make sure they are welcomed and respected. In the ITC, this type of professional could be called "entrepreneurial programme managers". This means the ITC would have to continue to create an environment supporting *intrapreneurship*. In this context, intrapreneurs are defined as professionals working at the limit between entrepreneurs and programme managers. The general definition of an intrapreneur⁶² was developed in response to a phenomena taking place in large companies. There was a need to ensure employees could eventually innovate inside these large structures to counter the effect of the entrepreneur-minded employees leaving the companies to start their own competing businesses. This concept is relevant for the ITC.

An important factor affecting the intrapreneurship of employees is the legitimacy acquired or acquirable by the individual inside the ITC. This is a delicate situation as the intrapreneurs are not taking (financial) risks with their own money or that of investors to build their own company; rather, in the case of the ITC, they are using *public money* in innovative programmes. In addition, instead of functioning in their own

⁶² Amongst other interesting documentation on the subject, please see: Gifford Pinchot, 1986. *Intrapreneuring: Why You Don't Have to Leave the Corporation to Become an Entrepreneur*, Harper & Row. B. Antoncicet R. D. Hisrich, 2001. "Clarifying the intrapreneurship concept", *Journal of Small Business and Enterprise Development*, 10(1), pp 7-24. Simon C. Parker, 2010. "Intrapreneurship or entrepreneurship?", *Journal of Business Venturing*.

structures, they navigate in an organisational framework developed by others in which they must comply with rules that do not necessarily support the mission for which they were hired. To scale up the business model, it is important to develop a performance measurement framework for the work done by the entrepreneurial programme manager.

To stimulate the creativeness of the intrapreneurs and his/her management, the ITC should be ready to eventually change the internal rules based on the successes of the ideas of the intrapreneurs, in a way, this is what is happening with the ITC in the PCTP context. As an example from the PCTP, it was decided that the programme would acquire Smart Tablets to conduct the programme's SIAs, including the surveys for the present evaluation. This was an innovative idea which simplified the work to be accomplished in the short-term. The ITC management replied to the request by saying that an approval procedure was to be followed which would take some time. This procedure would have slowed the process to an extent which would have obstructed the implementation of the SIAs. The process was then accelerated to respond to the programme manager's needs. This example shows how some rules can be adapted to a business-like environment in which to stay competitive, and which decisions and actions need to be acted upon immediately.

On the other hand, the intrapreneur needs to understand and master the institution's internal management structure and rules to eventually be able to bend and loosen them. The intrapreneurs are:

- able to report in a bureaucratic structure all the while being on the field creating business opportunities.
- in alignment with who they are and not with what the organization wants them to be.
- takes initiatives.
- surrounds himself with innovators. The intrapreneur creates new mental models that adapt to a rapidly changing world, sometimes breaking the rules, or anticipating the rules as they thrive for progress.
- looks at every problem as an opportunity; always considers there is a solution to every problem and most of the time does not see the negative sides of things; does not try to simplify things too quickly.
- does not resent uncertainty.
- inspires new rules to deal with new and different business environments.
- inspires change; makes others comfortable changing; is not afraid of making mistakes that can help one learn and grow.
- sees potential in each individual in his team; he/she motivates his team.
- is not afraid to lead through difficult times and challenges.

What can ITC do to foster innovation?

The following are four elements that could be further developed in 2013 which would help scale up the PCTP business model.

1. Develop a vision

One of the ways innovation is cultivated is by involving leaders who make sure everyone involved knows the outcome and strategic goals of any initiative. By focusing on outcomes and results, these leaders free up a lot of energy for the creative process.

2. Increase reciprocal trust

It could be interesting to organize off-site meetings during which employees from different backgrounds could present their work, why they do it, accept feedback from the whole group, develop a culture of collaboration, etc. On one hand, the organization could learn the reality and the way the intrapreneurs function and adapt to moving, instable and risky market environments. On the other hand, intrapreneurs

could pay attention to the risks creativity can generate for the ITC. Defined risks need to be checked and controlled by management; the second level of control is performance.

3. Building awareness about the importance of innovation in ITC

The starting point of any innovation process is to recognize that something is wrong, and to challenge the situation through innovation using internal insights and external inputs. ITC operates in trade, a quickly changing environment. It needs to adapt.

4. Open up in 2013

The risk of not implementing an innovation culture throughout the ITC is that processes will lose energy in discussions, reports, and presentations with ITC representatives who have not been made aware of the specificities of programmes like the PCTP.

This can easily be done in a year with the help of external consultants specialized in supporting leaders to foster cultures of innovation. External innovators make a natural bridge between the two populations helping change negative feelings into positive and powerful creative forces shared among and throughout the organization.

It is also fascinating to learn from the way in which the PCTP has been set-up, as for many interviewees, the programme is an example of how it is possible to foster innovation in the ITC and have intrapreneurs work in the institution. The PCTP started with assurance, being awarded to the present programme manager to develop his idea using a pilot phase (trial and error). The business model created was then institutionalized into a programme once the success of the procedure was demonstrated. At that point, resources (human and financial) were made available to implement the programme and the ITC gave the manager space to innovate (avoiding harsh reactions and decisions to his ideas). Sizing how much of these resources are needed is the job of the intrapreneur's boss who needs to understand intrapreneurship and even possess some himself. A decentralized environment away from an ostensible hierarchy is the perfect setting for an intrapreneur. When ideas succeed and become business opportunities, the intrapreneur can be rewarded.

The quality of the team supporting the intrapreneur, once an idea has proven its value, is equally as important as the quality of the intrapreneur himself. Administrative, communication, sociological, financial, technological, and any other needed support has to be provided, all the while having a team which is knowledgeable of the industry in which the programme is implemented.

This is the case for the PCTP: the programme manager is supported by a communications officer, a programme officer, and a project assistant, who are as knowledgeable about the fashion industry as he is, but who can also manage the bureaucratic procedures necessary for the programme to function in the ITC.

In the larger context of the scaled-up business model, the importance of the team can be represented in the following example: in the task of finding donors to finance the projects and initiatives, an ITC representative other than the intrapreneur could handle negotiations with potential donors. Another example of a skill that could be given to a knowledgeable team member could be the implementation of SIAs. Indeed, this team member could be implementing the SIAs for all ITC programmes using the scaled-up business model. This would allow for the ITC to centralize the data collection on all similar programmes and share the knowledge with the representatives from these programmes. The ITC could use the SIAs to develop lessons learned and recommendations on a larger scale to improve the implementation of the programmes. It could be interesting to have a meta-evaluation conducted every five to six SIA to analyse the data at a macro level. However, before this idea is put into practice, the improvements to the SIA methodology suggested above in Purpose 1 need to be implemented and further continuous improvements are needed (as it is the case presently in the PCTP).

In the context of having an intrapreneur working in a bureaucratic environment, having administrative and legal advisors to support the intrapreneurs could be an interesting risk mitigation strategy. This strategy is recommended in the context in which management systems would be too rigid and would stifle

innovation and the ability to address demand from the markets. The advisors could support the intrapreneurs in finding solutions that respond to market demands while complying with bureaucratic rules which are usually inflexible; these rules are usually put in place to avoid uncalled-for spending of public money.

As a concluding remark for this chapter, in the light of the findings of Purpose 1 of the evaluation mandate, having a full-time professional working on developing training and capacity-building guides and conducting the training could be a stimulating possibility.

7. STRATEGIC APPROACHES FOR THE SCALED-UP BUSINESS MODEL

7.1 Marketing Strategies and Operation Plan

This section is integrated in Purpose 2 of the report since the lesson learned from the pilot phase described in Purpose 1: during the transition between the pilot phase and the institutionalisation of the project's rationale into a programme, a strategic management decision was taken to downsize the whole process in order to render the programme manageable. This had the effect of excluding many previous beneficiaries who were left without work previously provided by the programme. The downsizing and its effects were assimilated in the programme, as lessons learned on how to manage offer and demand in the programme to the extent possible. Another reason why the present section goes into detail is because ITC has invested in the PCTP and it has demonstrated impact. It has now become motivating to expand the business model to other ITC programmes.

7.1.1 Managing Supply

As explained above in section 2.1.3, one way to ensure a regular flow of orders for the programme's beneficiaries is to sign new strategic partnerships with fashion houses. Having a regular volume of activities for the beneficiaries is one of the most important issues to deal with and an important lesson learned for the scaled-up business model. How to ensure this regularity, however, is an on-going debate.

Managing the beneficiaries like regular employees - leaving those no longer needed without work - is a high risk for the PCTP and similar programmes. Downsizing decisions are delicate in a PCTP-like programme. Hence, efforts should focus on managing demand and balancing it with the ability of the beneficiaries to respond to the demand. The number of beneficiaries available to be eventually involved in the PCTP is quite flexible. Poor workers in the formal economy with a basic background in stitching, weaving, embroidery, etc., are available in many slum areas of developing countries. However, it is important to be extra careful, and to a certain extent conservative, in managing orders to make sure that the demand provides work for the pool of beneficiaries on hand. Once this is ensured, the steps required to increase the number of orders and therefore increase the number of beneficiary workers can be taken.

It is also important to bring added value to the offer by continuously increasing capacity among the beneficiaries by providing training. This affects the quality of the offer in the fashion market, and creates solid business links.

To partly solve the issue of regularity of orders, it could be stimulating to have official trainings on business and technical skills for the beneficiaries *when there are no orders*. In a way, this means using more traditional forms of development activities between orders received from the industry, filling the gaps with other forms of activities than trade itself. However, integrating such an idea would put pressure on the programme's budgets. A solution for this issue would be to increase the involvement of the companies in the day-to-day operations, thus engaging them in the official trainings.

7.1.2 Managing Demand

Involving retail-type clients could be interesting to ensure volume per client; however, the sustainability of the strategic partnerships with retailers has proven to be limited and the same can be said about partnerships with distributors. In addition, profit margins for retail clients and/or distributors are low per

unit and increase exponentially with economies of scale (large quantities of products sold) rather than high profit margins on each unit produced. Hence, the whole rationale of the PCTP is lost. For these clients, the main focus is on efficiency and rationalization whereas for high fashion, and eventually other luxury industries, the main focus is on uniqueness and quality elements of the products. In addition, using the low cost argument to support the PCTP or any other similar ITC programme would firstly be theoretically in contradiction with the idea of fair labour standards, poverty reduction and empowerment of the beneficiaries, and secondly would create an image issue for the programme(s). Although the ethical production of retail and distributor products is possible and has been tested, if this approach were to be chosen, the rationale would have to be changed.

Another interesting and innovative idea discussed during the many interviews conducted for the mandate is the possibility to sell the luxury product directly on the internet. The ecommerce option could be a sideline strategy, which could eventually culminate into a success story for the programme. Nevertheless, applying the concept of ecommerce in the present context would require a completely separate business model, as e-business is an entirely different concept and requires a totally different marketing tool-kit.

An innovative way to strengthen the relationship with fashion houses, also to sell online, is the development of an application that allows the programme to carry-out joint product development with the industry, by sharing design files and design ideas through the most common tablets and smart phones. This would create a sort of library of ideas and product features that can be easily converted into products with the relative costing and production time.

7.1.3 Diversify

Another solution would be to diversify types of products developed. In the PCTP, two of the most recurrent products developed by the beneficiaries were fashion bags and shirts. However, it would be remarkable, if the first categories of products are successful, to eventually develop new fashion accessories, since fashion companies make most of their margins from accessories which wear their brand.

To support such an idea, a lesson learned that can be drawn from the PCTP is the alliance formed between the programme and the ITC PACT II (see sub-section 2.1.1). The latter programme operates in the business of ecological leather production. Although tangible results have not yet been demonstrated, the potential opportunity of this alliance supports the recommendation made above: the PCTP could eventually produce leather shoes which would permit the workers to receive orders from new buyers.

This potential recommendation needs to be handled with care as producing new types of products requires new trainings for the beneficiaries in order to attain the quality standards demanded by clients. Hence, the required time needs to be taken to make sure all is in place before developing these opportunities.

To increase the likelihood of success in such ventures, and as a general lesson learned from the PCTP, it is vital to reiterate the importance of involving well-selected beneficiaries. It does an individual no good if he has the wrong skills for the job profile. The selection of the beneficiaries needs to be based on pre-defined criteria which should be based essentially on the skills required for the programme.

In addition, adaptable but formal training programmes and modules will have to be developed to ensure a unified training procedure across the programme.

7.1.4 From Initiative to Brand, to Brand Experience

A process that could be inserted into the scaling-up of the PCTP business model would be to expand its “brand experience” so as to increase the interest level of the general population in the programme. This process would support the impulse needed to create an international ethical fashion movement. The PCTP, after having built a strong story to tell based on evidences of its future success is now ready to become a real brand with the entire classic branding features. Branding involves going beyond selling a

product toward creating an overall experience for the customer. There are arrays of touch points in which the “experience” can be lived: boutiques, accessories, logos, slogans: in two words, marketing strategies. An important element of marketing strategies today is the presence of branding online. The programme needs to start opening up to advanced branding tools online. It could be interesting to engage in branding activities with consultants and/or agencies specialised in fashion. The online feature is of great importance at this point if the programme wants to succeed at a higher level and ensure its sustainability.

E-Commerce

During 2013 an e-commerce platform should be developed. In 2012, 30% of luxury products and services were sold online. Successful luxury marketers are those who know how to translate the exclusivity and authenticity of their products and services in-store, to the online environment. To preserve the exclusivity the fashion houses normally ask for in terms of fashion collections, new collections could be created for the online market. Social networks are also key to customer engagement. By having an integrated e-commerce strategy with both paid and unpaid search results online and a diverse social media presence, companies are better able to make a difference and attract new end-users. Also, consumers use extensively more websites and/or mobile applications to search for and buy handbags and shoes than for any other type of fashion clothing. Most fashion brand websites now have online stores which generate 98% of all traffic to luxury brand sites.

Search engines remain the largest source of traffic to luxury/fashion brand sites, Google alone accounting for 29%. Luxury and fashion brands rely more on search engine traffic than average apparel and accessories sites, but with a smaller ratio of paid searches. This is an area of big opportunity for scaling-up the PCTP business model and to further expand ITC programmes. In addition to search engines, social media accounts for nearly 10% of the traffic to luxury websites, with Facebook (nearly 5%) being the most significant player. The PCTP would also benefit from having a Pinterest⁶³ board which receives as many visits as Twitter⁶⁴. Pinterest being naturally closer to a “cultural” client, it would increase the searches on ethical solutions (more than Twitter). Also Instagram⁶⁵ could be used to relate the PCTP stories on the field.

7.1.5 Doing Some Good to the Environment

There is no sustainable development possible, nor ethical movement, if the programme does not help the communities to be resilient. Resilience is not only at the economic level but also at the environment level; beneficiaries need to reconnect with nature. There is a very big difference between the communities like the Maasai people who are still living on their natural lands and the communities living in the slums of the big cities. There cannot be an economic impact if there is no environmental impact and guidelines for the scaling-up process.

The scaled-up business model should encourage communities to use additional income to re-invest in the environment. The PCTP is certificated “carbon neutral” but more should be done. Some communities have already started to plant organic fruit trees and organize gardens to provide free, fresh, organic vegetables which are at the centre of their health. The presence of organic cultivation is a key element to make the scaled-up business model a truly positive experience for the beneficiaries and should be added to the PCTP and any other ITC programme (it is about making it right for the “planet, people and profit”).

The environmental theme is also an entry point to organize synergies with other institutions and projects. Indeed, alliances could be created with for example environmental NGOs to take care of the environmental aspects of what the PCTP is accomplishing. This would help mitigate the risk of having too many objectives at once for the programme.

⁶³ See: <http://pinterest.com/>

⁶⁴ See: <https://twitter.com/>

⁶⁵ See: <http://instagram.com/>

7.1.6 Intellectual Property/Protection of Design

In order to capture the value at the community level, it is important to legally protect the designs created locally. The social enterprises are working closely with lawyers to systematically file the intellectual property claim of the designed products, mostly in the West African EFI. Any brand in the world which has properly protected its design could be a threat to the PCTP designs if they have not been legally protected. The cost of an intellectual property infringement would be a very serious threat to the whole programme which should also take a legal insurance for the intellectual property related issues.

7.2 Risk Analysis

Table 7: Risk Analysis: Likelihood, Impact and Risk Responses

| Risk Definition | Likelihood | | Impact on the ITC/PCTP | | Risk responses |
|---|------------|--------|------------------------|-----------|---|
| | Risk Level | | | | |
| | Low | Medium | High | Very High | |
| PCTP risks | | | | | |
| Quick and extensive expansion of EFAL's institutional structure leads to loss of efficiency and possibly lack of control over finances. | | | | | Keep EFAL's role simple and well-focused in the <i>short-term: production, quality control, and shipping and handling of the fashion products.</i> In the medium to long-term, its role could evolve into training for the production units and gradually become responsible of developing the link with the international fashion market. |
| Lack of regularity in the orders affects income of beneficiaries | | | | | Diversify demand by multiplication of strategic partnerships with the fashion houses Develop the local market in order to decrease dependency on the programme Diversify the activities the beneficiaries are involved on (e.g. training activities) |
| Declining fashion and luxury goods market | | | | | Market diversification: Orient future market development efforts towards emerging countries such as Brazil, Russia, Australia, India and China. |
| PCTP partnering with other programmes could eventually affect the overall quality of what is generated by spreading work in too many directions | | | | | Partnering only with ITC programmes to ensure control and adaptability on the synergies operated. |
| Scaling-up risks | | | | | |
| ITC working on marketing activities which indirectly produce sales and profits for the fashion houses. ITC is involved in a programme through which profits are made by international fashion houses on the basis that they are selling ethical products resulting from the programme's activities. | | | | | <ul style="list-style-type: none"> Focus on the transfer of skills and responsibilities to EFAL in terms of links with the fashion market. Gradually increasing in kind and financial involvement of the fashion houses Expand the number and origin of fashion houses benefiting from the programme |

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| Risk Definition | Likelihood | | Impact on the ITC/PCTP | | Risk responses |
|--|------------|--------|------------------------|-----------|---|
| | Risk Level | | | | |
| | Low | Medium | High | Very High | |
| Many of the business links with the fashion world which supports the whole programme depend on the network in the fashion world of a small group of ITC representatives. | | | | | <ul style="list-style-type: none"> The implementation of the scaling-up process building around the PCTP experience. This would involve having more entrepreneurial programme managers. Hiring intrapreneurs for each EFI. Loosening criteria to hire professionals as intrapreneurs that have demonstrated experience in innovative business development |
| Having the ITC management systems that are too loose leaving too much space for failure with public money. | | | | | Well defined pilot phase structures |
| Having ITC management systems which are too rigid suffocating initiatives and the ability of addressing demand from the markets. | | | | | Administrative and legal advisors to support the intrapreneurs. |
| Reputation risks | | | | | |
| Having the ITC involved in CSR operations augmenting the risks of the ITC being associated with profit generating activities for the fashion houses. | | | | | <p>Be careful to preserve the balance between 1) the efforts put into communication and marketing by the programme resulting into benefits for the PCTP through the creation of jobs and higher income for Developing Country workers of poor communities and 2) the consequential added financial value for the fashion industry.</p> <p>Once the programme amplifies and is more deeply rooted, the fashion houses should pick up on the marketing and sensitization efforts.</p> |
| Not all programme's operations are conducted in an ethical manner, even if this is at the very source of the programme. | | | | | <p>Conduct due diligence on partners involved in the programmes</p> <p>Implement ILO/FLA work standards</p> <p>Adopt an effective risk mitigation control system in the wider supply chain, particularly to ensure that there is no child labour used.</p> |

8. RECOMMENDATIONS (PURPOSE 2)

The following recommendations are expanding on the recommendations outlined in the Executive Summary. The below recommendations are intended for the purposes of enhancing project management.

- It is recommended that the PCTP adopt measures to ensure that the Kenya EFI is well-rooted before investing too much energy in the Ghana (Mali and Burkina Faso) EFI, and then, that the Ghana EFI is well under control before deploying too many efforts towards the Haiti EFI. This will ensure that the preceding initiatives do not fall apart while the ITC is working on putting together another initiative.

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- It is recommended that in the short- and medium-terms, the expansion of the PCTP business model should be limited to industries that display approximately the same characteristics as the fashion industry such as the jewellery and perfume industries.
- Under the overarching programme, some flexibility needs to be intertwined in the procedure of setting up the different initiatives. The “one size fits all” model should be avoided; an effort to adapt the programme to specific regional differences is essential.
- It is recommended that a direct link between the beneficiaries and the market has to be put in place by the programme in the medium-term, and eventually in the long-term by the social enterprise.
- It is recommended carrying-out marketing activities at the programme level to develop sufficient demand for the products.
- It is recommended that community groups should remain the pillars of the programme as production units.
- It is recommended that special attention should be given to ensure that the living standards of *all* beneficiaries are enhanced *similarly* among the differently-skilled workers of each group.
- Enhancing the skills of the representatives of the social enterprises is an important practice which should be replicated. This can be pursued through to development of a mentorship structure.
- It is recommended that ITC’s future programme manager possesses specific business-oriented skills that include, among others: extended understanding and practice of the fashion industry, regionally and globally, entrepreneur/intrapreneur skills and good risk management skills.
- It is recommended to develop the idea of an application for product development (to run on the most common tablets and smart phones) and to create a library of design features and ideas that can be easily transformed into products.

9. CONCLUDING REMARKS

The midterm evaluation report clearly demonstrates that the PCTP has a positive impact on the beneficiaries. The PCTP is an innovative programme and creates new development opportunities in a non-traditional market. Its implementation is moving fast to keep on track with the success path it has created for itself in the fashion world. Ensuring the programme is well-grounded and at a manageable size has been a major lesson learned for stakeholders and is applied carefully at every step of the PCTP’s implementation; this should be the case in the upcoming months and years for the programmes and eventually, for every similar innovative programme. To do so, many elements presented in the report may be considered, as the implementation of such a high-profile programme, with significant budgets involves many stakeholders and presents risks if things don’t go as planned. However, when positive results occur, the experience becomes a “win-win” situation, as is the case for the PCTP at the present moment, and most importantly for the beneficiaries themselves.

ANNEX 1: EVALUATION MATRIX

| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|---|--|---|---|
| Relevance | | | |
| <p>Has the EFI experience been relevant to fight poverty? Is the EFI aligned with Kenyan poverty reduction initiatives? With national poverty reduction plans and/or strategies?</p> | Nature and quality of specific contributions of the EFI towards poverty reduction (see survey questionnaire) | Document review | EFI descriptive documentation SIA documentation Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Level of concordance of the EFI experience with Kenyan poverty reduction initiatives, strategies and plans | Document review/ Document research | EFI descriptive documentation Kenyan Poverty Reduction relevant documentation Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key government representatives |
| | Type of adjustments brought to the EFI in light of the evolution of the context in Kenya (socioeconomic, political, environmental and technological) | Document review | EFI descriptive documentation SIA documentation Relevant mission notes Monitoring reports (annual reports) |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key government representatives |
| | Degree to which the EFI's strategy and objectives are contributing to poverty reduction | Document review | EFI descriptive documentation SIA documentation |
| Interviews | | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key government representatives | |
| <p>Is the definition of poverty used by the PCTP programme in line with the UN principles and guidelines for a human rights approach to poverty reduction strategies? Is the poverty reduction strategy focusing on not only income but on living a life in dignity and enjoying basic human rights and</p> | Number of poverty definition elements considered in the EFI's design and poverty reduction strategy. | Document review | EFI descriptive documentation SIA documentation |
| | Degree of compatibility of PCTP's investment choices with MDG planned achievements | Document review | EFI descriptive documentation SIA documentation |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key Fair Labour Association representatives |
| Nature of elements considered in the EFI's poverty | Document review | EFI descriptive documentation | |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|--|--|------------------------------------|--|
| freedoms? | reduction strategy other than income | | SIA documentation Relevant mission notes |
| Has the EFI identified the relevant sector and communities to support? What lessons can be drawn for implementing the PCTP business model in other places? * | Correlation between the content of the programme and the identified sector and communities | Document review/ Document research | EFI descriptive documentation SIA documentation Relevant mission notes Secondary document research |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key Fair Labour Association representatives Key fashion industry representatives |
| | Level of satisfaction of relevant EFI manager concerning the sector and communities identified by the EFI | Interviews | Key EFI representatives (managers and decision makers) Key Fair Labour Association representatives Key representatives of the international fashion industry Key government represent |
| Effectiveness | | | |
| Has the programme created a business model which can allow artisans to work in an international value chain? | Number of orders received and dealt with | Document review | EFI descriptive documentation SIA documentation Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| | Proportion of fashion products sold on the international market / total production by programme beneficiaries | Document review | EFI descriptive documentation SIA documentation Monitoring reports (annual reports) Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| | | Workshop | Invited representatives present |
| | | Focus groups | Beneficiaries |
| | Level of adjustment of PCTP to regions' political, business and economic context | Document review | EFI descriptive documentation SIA documentation Monitoring reports (annual reports) Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key Kenyan government representatives |
| Has the PCTP business model been effective to eradicate poverty in marginalized communities of developing countries? | Impact assessment questionnaire (Nature and extent of the results achieved with respect to poverty reduction) See Impact section below | Survey | Beneficiaries Control group |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|---|---|-------------------------|---|
| | Degree of contribution of the business model to poverty reduction (attribution) ... | | |
| How effective has the EFI model been in achieving the results outlined in the log frame for the programme? | Congruence of results and programme log frame outcomes, outputs and indicators | Document review | EFI descriptive documentation SIA documentation Monitoring reports (annual reports) Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Presence of unexpected results | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key involved fashion houses' representatives Key EFAL representatives |
| | <ul style="list-style-type: none"> Number and type of success factors that affected results achievement Number and type of limiting factors that affected results achievement | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key involved fashion houses' representatives Key EFAL representatives |
| | Level of satisfaction of relevant EFI manager concerning the results achieved | Interviews | Key EFI representatives (managers and decision makers) |
| Has the EFI been effective in generating sufficient work in terms of prices, consistency and volumes for beneficiaries? | Proportion of individuals that have applied to the project that have been selected to participate | Document review | EFI descriptive documentation SIA documentation Monitoring reports (annual reports) Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|---|--|--------------------------------|--|
| | | | Key EFAL representatives |
| | Level of skills of the beneficiaries | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| Have all parts of the supply network been managed and monitored effectively? | Level of satisfaction of all types of beneficiaries (different skill level) | Focus groups | Beneficiaries |
| | | Surveys | Beneficiaries Control group |
| | Quality of monitoring by each segment of the supply network | Document review | Monitoring reports |
| | Adequacy of EFAL's reporting | Interviews | Key PCTP representatives |
| | Level of access by each production unit beneficiaries to benefits and resources of the project | Focus groups | Beneficiaries |
| Surveys | | Beneficiaries Control group | |
| How effective has the coordination been between the relevant stakeholders of the EFI? | Level of satisfaction of EFAL and PCTP representatives with coordination activities | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Number of delays in regards to programme calendars | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Perceptions of EFAL representatives with regards to time-frame for delivery of products | Interviews | Key EFAL representatives |
| Has the implementing partners been capacitated and empowered to manage the Social Enterprise in an effective manner? Do they have the skills to manage the social enterprise | Number, nature and quality of training/capacity building sessions conducted | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Surveys | Beneficiaries Control group |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|---|---|---|--|
| without ITC involvement? | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| | Number of orders dealt without ITC support | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Degree of independence of EFAL managers in the management of the social enterprise | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes Financial reports |
| Interviews | | Key PCTP representatives (managers and decision makers) Key EFAL representatives | |
| Level of satisfaction of EFAL representatives with capacity building and training provided | Interviews | Key EFAL representatives | |
| What lessons can be drawn from the different experiences in Kenya and Uganda in terms of effectiveness? | Lessons learned in terms of effectiveness | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| How effective has the programme been in creating an international ethical fashion movement and putting Africa in the centre of this movement? | Number relevant stakeholders which recognize the PTCP has an international ethical fashion movement | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives Key representatives of the international fashion industry |
| | Ratio of fashion houses involved presently compared with when the EFI started | Document review | EFI descriptive documentation SIA documentation Monitoring reports |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|--|--|---|--|
| | | | Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Number of similar programmes implemented in other regions of the world than Africa | Document review/Document research | EFI descriptive documentation SIA documentation Relevant mission notes Monitoring reports Secondary document research |
| | | | |
| What social, economic and educational and environmental impact have the PCTP programmes had on the different categories of beneficiaries? | Income level of beneficiaries | Document review Surveys Focus groups Workshop Interviews | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes Financial report Beneficiaries Control group Invited representatives present Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| | Level of access to basic services | | |
| | e.g.: Difference in economic indicators between beneficiaries and control group average ... see survey | | |
| Has the programme empowered the micro entrepreneurs to start their own business and become self-sufficient? Has the programme offered targeted training for the micro producers on how to create and manage a business? What changes has EFI initiative created regarding how the ITC does business? | Proportion of the trainings provided by the programme which are linked to business management, accountability, investment... | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives |
| | Total number of trained persons in project management during programme implementation | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | Level of satisfaction of beneficiaries with business linked trainings | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | Number of lessons learned from the EFI which have been integrated by the ITC in other programmes, projects or initiatives. | Document review | EFI descriptive documentation SIA documentation Monitoring reports |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|--|---|-------------------------|---|
| | | | Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| | <ul style="list-style-type: none"> Number of beneficiaries (micro-producers) which have now started their own business Level of satisfaction of beneficiaries | Document review | EFI descriptive documentation SIA documentation Monitoring reports Relevant mission notes |
| | | Surveys | Beneficiaries Control group |
| | | Focus groups | Beneficiaries |
| | | Workshop | Invited representatives present |
| | | Interviews | Key PCTP representatives (managers and decision makers) Key EFAL representatives Key involved fashion houses' representatives |
| <p>How has the EFI initiative impacted on the work of fair labour associations at international level and in the developing world? What is PCTP's impact on the debate on ethical fashion and on the creation of the ethical fashion movement?</p> | Number of lessons learned from the EFI which have been integrated by the fair labour associations at the international level | Interviews | Key fair labour association representatives |
| | Number of reports (discussion papers) on the EFI produced by fair labour associations at the international level | Interviews | Key fair labour association representatives |
| | Perception of the fair labour associations' representatives on the subject | Interviews | Key fair labour association representatives |
| <p>What impact has PCTP programme created for ITC in terms of branding and visibility?</p> | Number of articles reported that cite the PCTP and the ITC | Document review | Articles |
| | Perception of ITC representatives and PCTP managers | Interviews | Key PCTP representatives (managers and decision makers) ITC representatives not involved with the EFI/PCTP |
| Efficiency | | | |
| <p>How are the progress and achievements of EFI compared with the financial and human</p> | Correlation between costs and results | Document review | EFI descriptive documentation Monitoring reports Financial reports |
| | Percentage and cost of personnel time allocated to programme management | | |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|--|---|--------------------------|---|
| resource inputs to EFI? | Level of satisfaction of ITC decision makers with regards to administrative costs | Workshop Interviews | Relevant mission notes Invited representatives present Key PCTP representatives (managers and decision makers) Key EFAL representatives ITC representatives not involved with the EFI/PCTP |
| Has EFI been implemented in an efficient manner throughout all parts of the project? | Adequacy of management expenses vs. operational expenses | | |
| | Percentage of ITC staff time allocated to management of projects by delivery model and sector | | |
| Was monitoring data on impact collected and disaggregated according to relevant criteria (gender, age, location, income etc.)? | Adequacy of monitoring tools to measure results achieved | | |
| | Existence of crosscutting strategies monitoring processes | | |
| Have any constraints or challenges affected the efficiency of the project and to which extent are they related to logistical bottlenecks, capacity and experience of the partners, coordination, resource allocation etc.? | Nature of constraints or challenges affected the efficiency of the project | | |
| | Proportion of constraints or challenges due to logistics and coordination | | |
| What are the risks for the ITC in expanding the EFI? What are the lessons to be drawn for addressing risks when implementing PCTP in multiple countries? * | Lessons learned from the PCTP experience in terms of risk mitigation | | |
| | Level of specificity of the EFI to the country in which it is implemented | | |
| | Number of sustainability risks identified in programme design which are present elsewhere | | |
| Sustainability | | | |
| Are the effects of the EFI aligned and consolidated with national / sub-national poverty reduction strategies? | Level of concordance of the EFI experience with Kenyan national poverty reduction initiatives, strategies and plans | Document review/research | EFI descriptive documentation Kenyan Poverty Reduction relevant documentation Relevant mission notes Key PCTP representatives (managers and decision makers) Key EFAL representatives Key government representatives |
| | Level of concordance of the EFI experience with Kenyan sub-national poverty reduction initiatives, strategies and plans | Interviews | |
| Can PCTP be a model for ITC when dealing with trade and poverty projects? * | Degree of replicability of the PCTP in other industries | Interviews | Key PCTP representatives (managers and decision makers) ITC representatives not involved with the EFI/PCTP |

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| Questions and sub-questions | Indicators | Data collection methods | Information and data sources |
|---|---|-----------------------------------|--|
| Has EFI sufficiently capacitated partners, in particular the Social Enterprise, to enable them to continue the activities in an efficient, inclusive and fair manner after its phasing out? | Quality of sustainability strategies in terms of EFAL training | Document review Interviews | SIA documentation Monitoring reports Relevant mission notes Key PCTP representatives (managers and decision makers) Key EFAL representatives Fashion industry representatives |
| Is the EFI programme designed in a financially sustainable way? Has a sustainable exit strategy been designed by the programme? What are the risks when the programme is phased out? | Number of sustainability risk identified at design phase of the programme Number and quality of sustainability risk reduction exit strategies identified and implemented Number of fashion houses determined to continue placing orders once the programme has ended | | |
| Has the project provided for legal provisions to ensure sustainability? What are the recommendations to address eventual risks? What lessons can be drawn for the implementation of PCTP at a larger scale? * | Number of legal experts involved/consulted during the design phase of the programme Quality of legal support to EFAL financed through EFAL funds Lessons learned from the implementation of the PCTP which can be scaled-up for the implementation of a similar programme at a larger scale | | |

ANNEX 2: TERMS OF REFERENCE

1. LIST OF ACRONYMS

| | |
|--------|--|
| CSR | Corporate Social Responsibility |
| DAC | Criteria for Evaluating Development Assistance |
| DMD | Division of Market Development |
| EFP | Ethical Fashion Project |
| EFAL | Ethical Fashion Africa Limited |
| EMU | Evaluation and Monitoring Unit |
| ITC | International Trade Centre |
| MDG | Millennium Development Goals |
| OECD | Organisation for Economic Co-operation and Development |
| OED | Office of the Executive Director |
| PCTP | Poor Communities and Trade Programme |
| SPPG | Strategic Planning, Performance and Governance |
| TOR | Terms of Reference |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UNEG | United Nations Evaluation Group |
| UNON | United Nations Office at Nairobi |
| WTO | World Trade Organization |

2. CONTEXT

The Ethical Fashion Project (EFP) is a sector-specific initiative under the Poor Communities and Trade Programme (PCTP) of the International Trade Centre (ITC), joined Agency of UNCTAD and WTO. EFP has been implemented in Kenya since 2007. It has also started in Uganda in 2007.

EFP is currently being launched in Ghana and Haiti. Its business model is to connect micro-enterprises to the international market through a business support infrastructure that integrates business and social processes.

Over the years, EFP has proven to be effective in involving micro enterprises in forms of international and regional trade. It has developed an inclusive business model, based on a project-based alliance between the ITC and a local Social Enterprise. This alliance establishes long-term trade partnerships between international buyers and micro enterprises from the developing world.

EFP target micro-entrepreneurs – with a strong focus on women – that operate in the informal economy. The beneficiaries are particularly women micro-entrepreneurs who live below the threshold of extreme poverty of their countries, knowing that indirectly each beneficiary will spread the impact on a larger number of people within their households. The main ideas behind the PCTP business model are:

- Providing forms of work and self-employment that allow micro-entrepreneurs to increase their income in a substantial and measurable way;
- Provide linkages with the formal sector to enable micro-enterprises to grow and become SMEs;
- Provide work which is sustainable and that can lead to self-reliance for the communities involved;
- Provide capacity-building and technical-assistance that are tailor-made for the beneficiaries;
- Create value, shared with buyers and consumers, through production of ethical goods that have a positive story behind them.

The business model developed by EFP in Kenya is summarized in the graph below and described at length in Annex 1.

3. PURPOSE

The Midterm evaluation is conducted with two main purposes:

- The evaluation will explore and confirm the actual impact of PCTP business model on poverty reduction. It will assess the economic and the social impact the programme has generated for micro producers and their communities in Kenya, as demonstrating case. It will explore what effects the programme has had on poverty as defined according to the UN meaning living a life in dignity and with access to all basic human rights. The evaluation will assess the effect of the programme on the development of the ethical consumption segment in the globalised fashion industry market. It is expected to play a critical and credible role in supporting accountability to donors and beneficiaries of the PCTP by demonstrating impact for beneficiaries;
- On the basis of the experience of EFP in (a) Kenya, (b) the current process of scaling it up in Ghana, Burkina Faso and Mali and in Haiti, and (c) its activities to develop a dynamic and significant ethical fashion consumption segment in the international fashion market, the evaluation will draw lessons to build up a management model that ITC can use with the aim to replicate, systematise and strengthen the experience of PCTP in other contexts. What are the risks of scaling the programme up and what are the recommendations to address eventual risks? What lessons can be drawn for the implementation of PCTP at a larger scale? How can the programme maximise developing countries' participation, presence and identity in globalised fashion industry markets? How to adapt the ITC business model to other markets and industries?

4. SCOPE

In line with DAC/OECD criteria, the evaluation will evaluate if EFP in Kenya has been relevant, effective and efficient, and what economic, social and environmental impact it has generated. Impact assessment will concentrate on supply-side issues of the PCTP business model related to micro-entrepreneurs.

The evaluation will also assess if the project has been implemented in a sustainable manner and what lessons learned can be generated from EFP in Kenya that can be built into expanding PCTP business model further. The evaluation will utilize a risk assessment approach assessing what risks can be encountered when scaling up the programme. In terms of beneficiaries, the evaluation scope comprehends the following dimensions: country perspective, marginalized community point of view and micro-entrepreneurs' fashion producers' and artisans' interest, including the welfare and progress at the household level.

The evaluation questions refer to the standard evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability) to risk concerns and to the broadening of PCTP approach in the ITC:

Relevance

- Has the EFP experience been relevant to fight poverty? What are the lessons to ensure relevance of PCTP business model implemented at a larger scale?
- Is the definition of poverty used by the PCTP programme in line with the UN principles and guidelines for a human rights approach to poverty reduction strategies? Is the poverty reduction strategy focusing on not only income but on living a life in dignity and enjoying basic human rights and freedoms?
- Has the EFP identified the relevant sector and communities to support? What lessons can be drawn for implementing the PCTP business model in other places?

Effectiveness

- Has the program created a business model which can allow artisans to work in an international value chain?

- Has the PCTP business model been effective to eradicate poverty in marginalized communities of developing countries?
- How effective has the EFP model been in achieving the results outlined in the log frame for the programme?
- Has the EFP been effective in generating decent work in terms of prices, consistency and volumes for beneficiaries?
- Have all parts of the supply network been managed and monitored effectively?
- How effective has the coordination been between the relevant stakeholders of the EFP been? Has the implementing partners been capacitated and empowered to manage the Social Enterprise in an effective manner? Do they have the skills to manage the social enterprise without ITC involvement?
- What lessons can be drawn from the different experiences in Kenya in terms of effectiveness?
- How effective has the programme been in creating an international ethical fashion movement and putting Africa in the centre of it?

Efficiency

- What is the progress and achievements of EFP compared with the financial and human resource inputs to EFP?
- Has EFP been implemented in an efficient manner throughout all parts of the project?
- Was monitoring data on impact collected and disaggregated according to relevant criteria (gender, age, location, income etc.)?
- Have any constraints or challenges affected the efficiency of the project and to which extent are they related to logistical bottlenecks, capacity and experience of the partners, coordination, resource allocation etc.?
- What are the risks for the ITC in expanding the EFP? What are the lessons to be drawn for addressing risks when implementing PCTP in multiple countries?

Impact

- What is the impact of the program in creating an international ethical fashion movement with Africa at its centre?
- What social, economic and educational and environmental impacts have the PCTP programmes had on the different categories of beneficiaries?
- Has the programme empowered the micro entrepreneurs to start their own business and become self-sufficient? Is the programme offered targeted training for the micro producers on how to create and manage a business? What changes has EFP initiative created regarding how the ITC does business?
- How has the EFP initiative impacted on the work of fair labour associations at international level and in the developing world??
- What is PCTP's impact on the debate on ethical fashion and on the creation of the ethical fashion movement?
- What impact has PCTP programme created for ITC in terms of branding and visibility?

Sustainability

- Are the effects of the EFP aligned and consolidated with national / sub-national poverty reduction strategies?
- Can PCTP be a model for ITC when dealing with trade and poverty projects?
- Has EFP sufficiently capacitated partners, in particular the Social Enterprise, to enable them to continue the activities in an efficient, inclusive and fair manner after its phasing out?
- Is the EFP programme designed in a financially sustainable way? Has a sustainable exit strategy been designed by the programme? What are the risks when the programme is phased out?

- Has the project provided for legal provisions to ensure sustainability? What are the recommendations to address eventual risks? What lessons can be drawn for the implementation of PCTP at a larger scale?

5. NORMS AND METHODS

The PCTP midterm evaluation will be undertaken in accordance with international standards and guidelines for UN evaluations, as well as ITC's Evaluation Policy and Guidelines. According to UNEG guidelines, evaluations should be carried out in a participatory and ethical manner, and be implemented in accordance with the ethical guidelines stated in the UNEG Standards and Norms for Evaluation. The evaluation should take account of cultural differences, local customs, religious practices, gender roles and age throughout the planning, implementation and reporting on the evaluation. UNEG also specify that the chosen methodology for an evaluation should explicitly address issues of gender and under-represented groups and be in line with the UN system's commitment to the human-rights based approach. The evaluation will especially focus on how the programme has reduced poverty and increased beneficiaries' access to basic human rights. The evaluation methodology should address if the programme has given the beneficiaries access to more basic rights. This should be done in both the quantitative survey and in the qualitative focus groups. The "Principles and guidelines for a human rights approach to poverty reduction strategy" should be used as a reference guide for developing the questionnaire related to poverty reduction and access to rights

The PCTP midterm evaluation will apply a broad range of methods to answer the evaluation questions raised above. This triangulation of methods is selected to ensure the ideal coverage and assessment. The details of each method will be outlined below. The sequencing of the evaluation methodology and roles and responsibilities is outlined below.

| Sequencing | Activity | Description of methodology | Level of responsibility |
|---------------|---|---|--|
| Step 1 | Conduct desk research | The evaluation team leader should undertake desk research of non ITC trade and poverty reduction initiatives and previous ITC poverty reducing programmes. The team leader should also review all programme documents and monitoring reports and ITC’s strategic plan. This will allow for the desk research phase to include a clear analysis of the project, through an assessment of achieved results and milestones against the project plan and logical framework. The evaluator will also review monitoring reports that have been conducted of the impact of the programme. The evaluator should ensure that the information collected is valid and reliable. Key findings must be substantiated through a verification process using different sources, and all findings should be validated. | Desk research will be undertaken by the evaluation team leader and by the technical sector expert. The division of work will be directed by the evaluation team leader. |
| Step 2 | Qualitative semi structured interview guide designed. | A semi structured interview guide will be designed to cover the impact that the programme has had on the beneficiaries. The interview guide will only be used as a leading guideline during the focus group interviews to steer the discussion. | The Evaluation Team leader will, in collaboration with EMU, design the interview guide. The interview guide will be designed before the mission and will be adjusted after each focus group interview depending on what new findings are discovered by the researchers |
| Step 3 | A sample quantitative questionnaire will be designed | <p>A questionnaire addressing the economic and social impact will be designed. The questionnaire will target beneficiaries that have benefitted from the programme. The questionnaire will be based on a similar format as the questionnaire used in the impact assessments.</p> <p>A similar impact questionnaire will be designed and distributed to persons that have not yet benefitted from the programme. The questionnaire targeted as this control group should be designed so the results can easily compare the impact of the beneficiaries that did not benefitted from the programme and those who did. The questionnaire will be designed so the data can be processed and analyzed in SPSS.</p> | Evaluation Team leader and EMU |
| Step 4 | Visit to Geneva by the evaluation team leader | <p>The evaluation team leader will come to Geneva to undertake key informant interviews with ITC’s Senior Management and with the PCTP team.</p> <p>The evaluation team leader will also gather lacking documentation for the desk research during the mission.</p> | Evaluation team leader. |

| | | | |
|----------------------|--|--|---|
| <p>Step 5</p> | <p>Field observation Mission to Nairobi: Observations and visits to EFAL in Nairobi and to the production sites in Nairobi</p> | <p>The team leader and the technical sector fashion expert should also undertake participatory observations and visit production sites for the ethical fashion programme. The evaluator and the technical sector expert will visit the sites during production to talk to staff and visit the premises. The evaluators should visit all supplier facilities.</p> | <p>Evaluation Team leader and technical sector expert</p> |
| <p>Step 6</p> | <p>Undertake qualitative focus group interviews with a representative sample of beneficiaries</p> | <p>The evaluation team leader will undertake qualitative focus group interviews with the community groups benefitting from the programme. The qualitative interviews will focus on how participating in the programme has changed the lives of the beneficiaries.</p> <p>The evaluators should also visit community groups that have not benefitted from the programme in order to detect the possibility for expanding the program</p> <p>The qualitative interviews will be conducted with the beneficiaries in an informal setting. The focus group interviews will be undertaken during weekends in order not to intervene with the production. Lunch and tea will be provided to all participants to create an informal and relaxed atmosphere. Focus group interviews will also be conducted with beneficiaries that has not yet benefitted from the programme in order to determine if there is a causal link between the impact and the programme.</p> | <p>Evaluation Team leader and local consultant.</p> |
| <p>Step 7</p> | <p>Pilot testing of questionnaire and revision of the final questionnaire</p> | <p>A sample of the questionnaire will be distributed to a sample of beneficiaries. The beneficiaries will be asked to fill out the questionnaire to test their understanding of the questions. The questionnaire will be revised based on the feedback given to the questionnaire from the test persons</p> | <p>Evaluation team leader</p> |
| <p>Step 8</p> | <p>Selection of test persons for questionnaire and control group</p> | <p>EFAL will set up a list of persons that should receive the questionnaire and a control group that should receive the questionnaire. The interview persons will be drawn randomly from EFAL's data base over participants in the programme. The number of persons that should receive the questionnaire will be decided by the evaluation team leader, but it should be ensured that the results of the survey are significant representative.</p> | <p>EFAL social worker</p> |
| <p>Step 9</p> | <p>Distribution of questionnaire</p> | <p>The local consultant will direct the quantitative impact survey. The survey will be directed at a random sample of beneficiaries of the ethical fashion program. The survey will assess the quantitative economic impact of the ethical fashion programme. The Survey will also be given</p> | <p>Local consultant</p> |

| | | | |
|----------------------|-----------------|--|---------------------------------------|
| | | <p>to a randomized sample of persons with a similar background as the beneficiaries of the PCTP programme that has not benefitted from the programme. The persons who have not benefitted from participating in the PCTP programme will be surveyed in order to establish a control group to determine what difference the intervention has generated</p> | |
| <p>Step 9</p> | <p>Workshop</p> | <p>Participatory workshop will be conducted to involve all stakeholders in the evaluation. The participatory workshop will take place in the end of the programme. The aim of the workshops are to involve a wide selection of stakeholders, to enable ITC to take a broader, less ITC-centric view of a programme and to provide stakeholders, especially ITC beneficiaries, with an opportunity to present their perceptions and assessments of ITC’s activities. The self-evaluation workshop will be designed so that the evaluation questions can be addressed and that ITC’s beneficiaries’ voices are heard.</p> <p>The important thing is to ensure that discussions are relevant, participatory and constructive, and that outputs are positive and forward looking. The participants will be divided into small-groups. The evaluator will determine the composition of these groups, making sure that they are well-balanced in terms of organization, function and seniority.</p> <p>The small groups will be provided with the key questions they should address and target their discussion around these questions. The small groups should through discussions address the questions asked in the TOR and come up with joint findings and recommendations for the programme. Each small group should designate someone to write-up and/or present findings in plenary.</p> <p>The evaluators will lead the discussion in plenary and draw up key conclusions and recommendations based on the presentations made by the smaller groups. The findings and recommendations will be included into the final evaluation report by the independent evaluators that will assess the validity of all findings and the feasibility of all recommendations made by the participants. The workshop should be held in UNON Nairobi. Annex 2 provides a list of suggested participants for these workshops.</p> | <p>Evaluation team leader and EMU</p> |

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| | | | |
|----------------|--|---|---|
| Step 10 | Mission to Ghana | The purpose of the mission to EFP in Ghana will be to assess the replicability of the ethical fashion programme outside Kenya. | Evaluation team leader and Technical fashion expert |
| Step 11 | Analysis of all data gathered. | <p>The last part of the process should entail triangulating all data sources collected during the evaluation process. This should also entail processing the result of the quantitative survey in SPSS.</p> <p>In the final report it should be indicated if different sources of data were contradicting each other.</p> | Evaluation team leader |
| Step 12 | Provide feedback to donors and other stakeholders on the main findings | Write an article in the magazine Forum with the highlights of the evaluation findings and the key recommendations | EMU |

6. EVALUATION TEAM

The evaluation team leader will be recruited in accordance with UN rules. The qualifications required for the selected consultants are the following:

- Advanced university degree in Economics/ Business studies/ Trade or development studies
- Excellent drafting abilities in English
- Expert in applying quantitative and qualitative data collection methodologies
- Experience in conducting house hold surveys
- Knowledge of export development
- Expert in conducting impact evaluations
- Proven experience in conducting high quality evaluations for international organisations.
- Expert in poverty reduction

The evaluation team leader will be assisted by a local consultant that will assist the team leader during the evaluation mission. The local consultant report directly to the team leader. The evaluation consultant needs the following qualifications

- Have a good understanding of the local context
- Have expert knowledge of conducting qualitative and quantitative research

The Evaluation team leader will also be assisted by a technical sector expert. The technical sector expert reports directly to the Team leader. The desirable skills and experience of the technical expert should be

- Experience in working with CSR and social enterprises
- Experience with ethical fashion
- Experience in the Fashion industry
- Experience with the global fashion market

Based on the above guidelines, the evaluation team for the present evaluation could consist of:

- An evaluation team leader (Alexander Daoust)
- One technical experts in Fashion, branding and CSR (Fabrice Le Clerc)
- One local consultant with experience in impact assessments and qualitative focus groups (Nairobi University, Sociology department)

7. MANAGEMENT ARRANGEMENTS

The evaluation will be managed and quality controlled by the Evaluation and Monitoring Unit (EMU) in ITC, with support and guidance from the poor communities and trade team. The poor communities and trade team will provide documentation and will assist with drafting the TOR for the assessment. The selection process of the independent consultant will be managed by EMU. EMU will manage all travel and logistical arrangements for the evaluation consultant. A very close working relationship will be established between EMU and the PCTP during the evaluation, in order to ensure that it is undertaken in an inclusive and participatory manner. EMU will ensure that the evaluation is undertaken, in due respect of the ITC Evaluation Policy and the UNEG guidelines.

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ITC will further consult about having a steering committee including the donors that have contributed to the PCTP programme (Norway and Germany) and the evaluation unit in ITC. The steering committee should also be comprised of a representative from the beneficiaries of the PCTP programme and the social enterprise EFAL. The role of the steering committee should be the following:

- 1) Review and provide comments to the TOR;
- 2) Provide support to the evaluation process;
- 3) Review the evaluation report;
- 4) Provide feedback to the management response to the evaluation;
- 5) Support to diffusion of evaluation findings and recommendations.

8. BUDGET

The evaluation exercise will have a budget of USD 68,779 available. The budget for the evaluation will be managed by EMU. The cost of the evaluation will be shared 50/50 between the Evaluation Office and the PCTP. The following is an indicative budget subject to changes:

| DRAFT BUDGET - POOR COMMUNITIES & TRADE PROGRAMME | | |
|---|------------------|----------------------|
| DESCRIPTION | | ESTIMATED COST (USD) |
| 1. hiring of consultant_1 (evaluation expert) | 50 w/d * 600 USD | 30,000 |
| 2. hiring of consultant_2 (fashion expert) | 15 w/d * 600 USD | 9,000 |
| 3. hiring of consultant_3 (no travel included) | 20 w/d * 300 USD | 6000 |
| 4. travel of consultant_1 | | |
| air ticket: Canada – Switzerland - Kenya - Ghana - Canada | | 8000 |
| DSA Geneva (5w/d) | 393 USD * 5 | 1965 |
| DSA Nairobi, Kenya (14 w/d) | 300 USD * 14 | 4200 |
| DSA Accra , Ghana (3 w/d) | 297 USD * 3 | 891 |
| terminal expenses | 8* 38 | 304 |
| 5. travel of consultant_2 | | |
| air ticket: Milan - Kenya - Ghana – Milan | | 3,500 |
| DSA Nairobi, Kenya (6 w/d) | 300 USD * 6 | 1,800 |
| DSA Accra , Ghana (3 w/d) | 297 USD * 3 | 891 |
| terminal expenses | 6 * 38 | 228 |
| 6. one-day workshop Kenya | | |
| conference room, coffee breaks | | 2,000 |
| | TOTAL | 68,779 |

9. TIMELINE AND DELIVERABLES

The PCTP evaluation will be launched first of May 2012 and will be concluded at the latest on the 1st of December 2012. A detailed work plan outlines timing of key milestone and expected deliverables, as well as an overview time line for the PCTP evaluation process can be found below:

| Deliverables for poor communities and trade evaluation | Deadline |
|--|-----------------|
| Draft TOR and design work plan and develop budget | 01/05/2012 |
| Inception mission to draft tor | 24/05/2012 |
| Desk research | 15/09/2012 |
| Submission of methodology report and questionnaire | 01/10/2012 |
| Field mission to Geneva, Kenya and Ghana completed and workshop in Kenya completed | 15/11/2012 |
| First draft provided and oral debriefing to the Senior management | 01/12/2012 |
| EMU will quality approve the report : correspondence with TOR and that all errors and omissions are corrected | 15/12/2012 |
| Final draft provided | 01/01/2013 |

During the first 2 weeks of the contract, the PCTP evaluation team leader should provide a short briefing report to the evaluation management team, describing the chosen methodology. This ensures proper interpretation of the Terms of Reference and clear agreement of the evaluation scope and work plan.

The core products of the PCTP evaluation process will be a final evaluation report. The final report should highlight the purpose, scope and limitation of the PCTP evaluation, and should contain a description of the applied methodology, evidence-based findings, conclusions, lessons learned and recommendations (ITC 2008e). The analysis should highlight constraints, strengths on which to build on, and opportunities for the PCTP project.

Additionally, in order to ensure wider usage and learning from the evaluation findings, the evaluation team leader will be required to deliver an oral debriefing to the PCTT management team and EMU prior to delivery of the final evaluation report. This debriefing will ensure that faults and misunderstandings can be corrected before the evaluation team start drafting the evaluation report.

Annex 1: Trade & Poverty Business Model

Objectives

The ethical Fashion Programme connects micro entrepreneurs in the developing world with large fashion houses. The Programme enables these two categories of actors to interact together with the following set of objectives:

- Generating income for these micro-entrepreneurs through their own work by selling their products;
- Improving wealth standards of micro-entrepreneurs' communities and families through increased income effect;
- Promoting responsible trade awareness and behaviour of large fashion houses and their customers.

The aim of the programme is to generate a sustainable stream of income in the informal sector that creates an income shock able to bring about relevant change, by enabling micro producers to dramatically increase their levels of investment and in removing poverty trap challenges (education and so on).

In order to reach these objectives, an inclusive business model develops a form of global partnership to strengthen the international competitiveness of microenterprises from the developing world in order to enable them to position in high-value business segments and thus to trade their way out of poverty. Accordingly, the programme focuses on women entrepreneurs from highly marginalized communities.

Building Blocks

- Value proposition: To create high end fashion products with a story of responsible development behind them, that can be produced and sold by micro producers, thus supporting poverty reduction and economic empowerment for micro entrepreneurs based in highly marginalized communities of the developing world.
- Market: fashion houses and large distributors of fashion in developed economies and ethical fashion and lifestyle consumer markets in developed economies (so far the programme has worked in France, Germany, Italy, Japan, Switzerland USA and UK) and domestic market urban middle class consumers.
- Beneficiaries: Micro entrepreneurs (especially women) that work in the informal economy and that have an export and trade potential that can be fulfilled through capacity building and technical assistance from the ITC. Particularly, this project targets women micro entrepreneurs as a way to enable them to generate income and thus empower them to become leaders in their communities, acquiring also a stronger role in decisions on how to allocate resources within their respective households.
- Social Enterprise: Ethical fashion Africa Limited (EFAL) is the Social Enterprise with which the ITC has a project-based alliance in Kenya. In order to add credibility to this alliance, the ITC has decided to formalise this agreement in a contract that also creates reputational and legal liabilities for the party that doesn't comply. The Social Enterprise manages the area of business and technical support for micro-producers both at a production hub and at the

premises of all satellite community producers. It Implements of Fair Labour and Environmental Agendas throughout the whole supply chain;

- Product Development Centre: This is collaboration between the ITC and the social enterprise. It carried out all activities of product development
- ITC Geneva-based support: The work of the Social Enterprise is also supported by ITC Geneva-based staff that coordinates:
 - Provision of ITC marketing and capacity building/advisory support and
 - Provision of technical support, mentoring and advice on management (all areas of company management)
 - Provision of product development
 - Provision of impact assessment
 - Customer relationship, in particular, communication campaign to raise the awareness of consumers and enable them to ‘embody the experience’ through the life stories behind products;

A Business Model based on Co-management

The functioning of the model is based on a “project based alliance” between the ITC and the Social Enterprise (EFAL in Kenya):

- The Social Enterprise runs the business-end of the programme: it is responsible for the organization of production in community groups, administration, financial management, shipping, packing quality control, and other business issues.
- The ITC focuses on the creation of a link between international/domestic buyers and micro producers. It also carries out capacity building (training on skill development and management) for micro producers, enterprise development, business incubator services and the facilitation of access to micro-finance lenders.

There are 5 key areas of work managed though the “project based alliance”:

- Establishment of market linkages;
- Product development;
- Business and technical support for micro producers (logistics, production and so on) that includes training and advice;
- Raising consumers’ awareness and impact assessment;
- Implementation of a clear Corporate Social Responsibility scheme for all actors involved in the value chain.

Business Support to Micro-entrepreneurs

The business support infrastructure is managed by the Social Enterprise. In Kenya, it is structured in a main hub in Nairobi and in several satellites located in different places, throughout the country. This infrastructure provides:

- Incubation for the creation of new microenterprises, by allowing them to receive training and to work in its own premises and under its coordination;
- A business interface to international buyers (who place production orders with the Social Enterprise) and transfer of orders thus supplied by micro entrepreneurs;
- Logistics and coordination of production;
- Logistics for shipment;

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- Quality control throughout the production process;
- Credit;
- Materials;
- Capacity building through regular training programmes;
- Technical assistance for production through its staff.

The hub and the satellites provide premises and equipment to work and can also host the equipment owned by micro entrepreneurs themselves, in a safe and clean environment. All its premises meet fair labour standards and offer proper conditions of work in terms of health, safety and sanitation.

Management of the Work of Community Groups

All community groups must be registered and have bank accounts and bank account details communicated to EFAL in writing by the group representative.

When the order is received from the customer, EFAL Management assigns the units to be produced to each specific community. EFAL management decides which group will be engaged depending on the skill of the community, demands of the order and the time scale of the order. This decision is made according to the time scales of the order and ensuring that there is at least a period of 2 weeks work for any one community in an order.

The terms and conditions of production and delivery date are specified by EFAL and communicated to the community group who informs EFAL if they think they will not be able to meet deadline and quality requirements. As a result of this exchange, EFAL makes selects the group that will execute the work. EFAL's order of the materials to the community group is accompanied by the following documents: Purchase order, Delivery note, FLA code of conduct, Confidentiality agreement, Quality control points from product development, Pilot sample of the work. EFAL sends a supervisor to the community for training and continuous check on the quality control. The community group is also expected to have a quality-controller to check the quality of the product in production.

The communities deliver the finished products back to EFAL with a written delivery note. The quality of the product is then checked by EFAL. It issues a Goods received note to the group having produced the product stating units received and, where necessary, a return note is issued for the rejected products. On the basis of the Goods received note, the community group issues and Invoice to EFAL. EFAL then makes cheque payment to the community group as per invoice received and the group representative has to sign cheque payment voucher. Finally, the Community group issues a receipt to EFAL against the payment made. In case of dispute related to the payment, the community group will report to the accounts so that they can do reconciliation.

The community group is expected to keep record of the people engaged in the production, daily report sheet, unit produced and amount of money paid to the community and what percentage is retained by the group. EFAL has right to check documentation kept by the community in regards to orders given by EFAL. If there is abuse of any clause in the Fair Labour Association of conduct or confidentiality EFAL has the right to withdrawal orders from the community group in question.

During and after an order, EFAL social department carries out an impact assessment of the group for each order given. The impact assessment identifies the area of weakness in the group and develops

a plan for capacity building through training. Training is provided by staff in EFAL or outsourced to a trainer specialised on the same field, where applicable.

Shipment of orders to designers

EFAL is shipping the order directly to the costumers or selling them at the local market. The bags are sold at e.g. 42 \$ and resold in Designer shops at a value ranging up to 500 \$. The bags that will be sold at the local market have still not been sold so a price is still not established.

Impact Assessment

Assessing the impact of the PCTP's interventions is a key activity of the business model. It ensures measuring the impact on the beneficiaries involved in the different projects. This is carried out through Social Impact Assessments (SIA) which involves work on data collection, monitoring, analysis and evaluation focused on measuring beneficiary impact at two levels:

- Quantitative, looking at changes in levels of income i.e. the economic shock;
- Qualitative, looking at the changes in the lifestyle, social structure and psychological well-being.

The methodology has been developed by the PCTP teams and their counterparts in Africa, in partnership with a panel of local and international partners including experts (social workers, labor rights experts, nutritionists, doctors, anthropologists etc.). Furthermore, to ensure the highest level of accuracy the team organizes a bi-annual workshop with the panel to review the existing tool and improve it according to new findings from the programme.

The PCTP's methodology uses a structured questionnaire on a sample of participants which varies according to the group size, gender, age range etc. A moderator, usually the group supervisor, organizes the discussion with the interviewees and records key findings. The information gathered is processed and analysed based on these variables along with assessment of skills and value attached to them, prioritized social development needs, tasks performed etc. These assessment findings provide critical support and validation of impacts for beneficiaries.

Communication is a Key Feature

Effective communication is closely linked to the growth of the programme. It attracts buyers, orders, and consequently generates more work for beneficiaries. Communication activities are mainly carried out by the ITC Programme team. It is organised in different categories / audiences:

Fashion Industry – The Programme provides fashion partners/buyers with the stories behind the products and data. It works closely with each partner/brand's communication teams to ensure that information is channelled through to end consumers using fashion magazines, blogs, movies, celebrity endorsement etc. These stories focus:

- On the impact of our fashion in the communities, to which they supply work, using the results of Social Impact Assessments.
- On other Corporate Social Responsibility activities, such as capacity-building for fair labour, carbon footprint assessments etc.

Mainstream consumers – Unlike consumers of ethical fashion who already have a degree of awareness on ethical issues, this audience is not necessarily sensitive to ethical issues relating to fashion production. Communication is more general and geared towards raising consciousness to convert mainstream consumers into consumers who incorporate ethical principles into their

Poor Communities and Trade Programme Midterm Evaluation

purchasing behaviour. This audience is reached through features in mainstream media (not 100% fashion): newspapers, magazines, videos, websites and also talk-shows and conferences.

Communication with institutions and organizations – This category refers to donors, other UN agencies and international organizations working in development, environmental sustainability, Corporate Social Responsibility etc. Communication with this audience highlights the relevance of global partnerships of the Programme with the fashion industry, which provides a significant channel to generate true and measurable change in impoverished communities.

Fair Labour associations – Fair labour compliance is ensured for work obtained through micro-producers. This is adopted into all production through regulations, along with on-going technical advice provided by the Fair Labour Association (FLA). The Fair Labour Association is a non-profit organization committed to protecting workers’ rights, ending sweatshop labour, and improving working conditions worldwide.

Annex 2: Suggested participants for the self-evaluation workshop

| Name | Professional Qualification | Institution |
|-----------------------|--|------------------------------|
| Dr. R. M. Ocharo | Head of Department of Sociology | University of Nairobi |
| Dr. Nthiga Elude | Researcher | Adventure Educators |
| Dr. B. Mutsotso | Labour laws Expert and rural sociologist | University of Nairobi |
| Dr. Mary Munyi | Entrepreneur | Kenya Institute of Education |
| Dr. Lucy Musyoki | Nutritionist | Ministry of Public Health |
| Mr Gabriel Kahiro | Conservation and Community PM | Zeits Foundation |
| Mr. Peter Ndolo Abale | Sanata Charitable Trust | Sanata Charitable Trust |
| Mr. Leonard Nawiri | Audit Manager | Africa Now |
| Mrs Sherry Gichuhi | Nutritionist | Simply Nutrition |
| Mrs. Esther Mwangi | Social Worker | Pendekezo Letu |
| Damiano Nderitu | community leader | Sanata Charitable Trust |
| Lillian Kahiro | community leader | Sanata Charitable Trust |
| Simone Cipriani | Head of Ethical Fashion Africa | ITC |
| Lisa Barrat | PCTP Project Manager | ITC |
| Chloe Mukai | Communication | ITC |
| Auret Van Heerden | President and CEO | Fair Labour Association |
| Sabrina Bosson | Project Officer | Fair Labour Association |
| Richa Mittal | Project Officer | Fair Labour Association |
| Lucy Oaithaka | | EPC Kenya |
| Jane Kabura | General Manager | EFAL |
| Vincent Oduor | Social Worker | EFAL |
| | | Equity Bank |

ANNEX 3: ORGANIZATIONS AND PLACES VISITED AND PERSONS MET

| Geneva_draft schedule of meetings - A. Daoust and F. Leclerc_PCTP evaluation | STATUS |
|--|--------|
| EVALUATION AND MONITORING UNIT | |
| Mr. Miguel JIMENEZ-PONT, Officer-in-Charge, Strategic Planning, Monitoring & Eval. | OK |
| Ms. Maria RIISKJAER, Evaluation and Monitoring Officer, SPPG | OK |
| POOR COMMUNITIES AND TRADE PROGRAMME | |
| Mr. Simone Cipriani, Chief, Technical Adviser, Ethical Fashion, DMD/SC | OK |
| Ms. Lisa BARRATT, Programme Manager, DMD/SC/Nairobi | OK |
| Ms. Chloe MUKAI, Associate Adviser, Corporate Responsibility, +41796892132 skype: cocomukai | OK |
| Ms. Nicole PITTER-PATTERSON, Programme Officer | OK |
| Mr. Rob SKIDMORE, Chief, Sector Competitiveness | OK |
| ITC SENIOR MANAGEMENT COMMITTEE | |
| Mr. Anders AEROE, Director,(assist. Maria ext. 79413) | OK |
| Ms. Patricia FRANCIS, Executive Director, (assist. Marithe ext. 79442) | OK |
| Mr. Jean-Marie PAUGAM Deputy Executive Director, (assist. Sarah ext. 79374) | OK |
| Mr. F. Von KIRCHBACH, Director, (assist. Gaby ext. 79363) | OK |
| PROGRAMME MANAGERS | |
| Mr. Con Obura BARTEL, Acting Chief, DCP/OA | OK |
| Mr. Ekutu BONZEMBA, Trade Promotion Officer, DCP/OA | OK |
| Ms. Aissatou DIALLO, Senior Officer, Trade in Services, DMD/SC | OK |
| OTHER - telephone appointment | |
| Richa Mittal, Director, Agriculture & Strategic (Special) Projects, FAIR LABOR ASSOCIATION | OK |
| DONORS - telephone appointments | |
| Ms. Annette Chammas, First Secretary, Development Policy, Permanent Mission of the Germany to the United Nations Office | OK |
| Mr. Hans-Peter Egler, Head, Trade and Clean Technology Cooperation Development State Secretariat for Economic Affairs (SECO), | OK |
| Ms. Kris Easter, USAID Development Advisor, Permanent Mission of the United States of America to the United Nations Office | OK |
| Ms. Mihoko SAITO, Economic Advisor, Permanent Mission of Japan to the United Nations Office | OK |

ANNEX 4: QUANTITATIVE DATA

Table 1 Age group

| | | Participation in the programme | | | |
|-----------|----------------------------------|--------------------------------|------|-----|-------------|
| | | no | | yes | |
| | | # | % | # | % |
| Age group | Youth (18-30 yr) | 134 | 53,2 | 134 | 45,4 |
| | Adult (31-45 yr) | 91 | 36,1 | 120 | 40,7 |
| | Middle aged (46-60 yr) | 20 | 7,9 | 35 | 11,9 |
| | Elderly (61 and above) | 7 | 2,8 | 6 | 2,0 |
| | Do not know/Prefer not to answer | 19 | 7 | 10 | 3,3 |
| Total | | 271 | 100 | 305 | 100 |

Table 2 Gender

| | | Participation in the programme | | | |
|--------|--------|--------------------------------|------|-----|------|
| | | no | | yes | |
| | | # | % | # | % |
| Gender | Female | 219 | 80,8 | 268 | 87,9 |
| | Male | 52 | 19,2 | 37 | 12,1 |
| Total | | 271 | 100 | 305 | 100 |

Table 3 Skills used in work

| | | Participation in the programme | | | |
|-------|---------------------------|--------------------------------|------|-----|------|
| | | no | | yes | |
| | | # | % | # | % |
| skill | administration | 10 | 3,7 | 2 | 0,7 |
| | beading | 133 | 49,1 | 166 | 54,4 |
| | bone | 9 | 3,3 | 12 | 3,9 |
| | brass | 2 | 0,7 | 4 | 1,3 |
| | embroidery | 10 | 3,7 | 4 | 1,3 |
| | preparation and finishing | 25 | 9,2 | 28 | 9,2 |
| | screen printing | 0 | 0,0 | 6 | 2,0 |
| | supervisors | 5 | 1,8 | 20 | 6,6 |
| | tailoring | 65 | 24,0 | 51 | 16,7 |
| | weaving | 12 | 4,4 | 12 | 3,9 |
| Total | | 271 | 100 | 305 | 100 |

Table 4 Number of orders worked on in the last two years (beneficiaries)

| Orders | # | % |
|---------------------------|------------|-------------|
| 2 or 3 | 131 | 43 |
| 4 or 5 | 96 | 31,5 |
| 6 or 7 | 31 | 10,2 |
| 8 or 9 | 21 | 6,9 |
| More than 10 (average 15) | 26 | 8,5 |
| Total | 305 | 100,0 |

Table 5 Date of entry in the programme

| | # | % |
|-------------|-----------|-------------|
| 2008 | 42 | 13,8 |
| 2009 | 69 | 22,6 |
| 2010 | 72 | 23,6 |
| 2011 | 82 | 26,9 |
| 2012 | 40 | 13,1 |
| Total | 305 | 100,0 |

Table 6 Duration of work per order

| | # | % |
|--------------------------------------|------------|-------------|
| 1 Week | 76 | 24,9 |
| 2 Weeks | 68 | 22,3 |
| 1 Month | 100 | 32,8 |
| 2 Months | 40 | 13,1 |
| More than 2 Months (72 working days) | 21 | 6,9 |
| Total | 305 | 100,0 |

Table 7 Working in group when there is no order

| | # | % |
|-------|-----|-------|
| no | 135 | 44,3 |
| yes | 170 | 55,7 |
| Total | 305 | 100,0 |

Table 8 Level of satisfaction (average)

| | Scale | | |
|--------------|-------|-----|-------------|
| | Min | Max | Mean |
| Satisfaction | 2 | 4 | 3,50 |

Table 9 Level of satisfaction (distribution)

| | # | % |
|---------------------------------|------------|-------------|
| Mostly dissatisfied (2) | 13 | 4,3 |
| Mostly satisfied (3) | 126 | 41,3 |
| Completely satisfied (4) | 166 | 54,4 |
| Total | 305 | 100,0 |

Table 10 Monthly income effect (with orders for beneficiaries)

| | Participation in the programme | |
|-------------------------------|--------------------------------|-------|
| | no | yes |
| Average Monthly income (US\$) | 73,97 | 79,54 |

Table 11 Daily Income during order (gender considered)

| | Gender | |
|----------------------------------|--------|-------|
| | Female | Male |
| | Mean | Mean |
| Daily income during order (US\$) | 4,21 | 10,28 |

Table 12 Daily Income during Orders and Gender on Skills Used for Work

| | Daily income during order (US\$) | | | Gender % | |
|------------------------------|----------------------------------|---------------|---------|--------------|-------------|
| | Mean | Maximum | Minimum | Female | Male |
| General average (US\$) | 5 | | | | |
| alfpon bone group | 20,01 | 116,22 | 1,74 | 16,7 | 83,3 |
| ambassadors women group | 4,11 | 11,05 | 1,74 | 100,0 | 0,0 |
| bega kwa bega/babadogo | 4,76 | 11,62 | 2,91 | 100,0 | 0,0 |
| enduata | 4,12 | 8,72 | 1,74 | 100,0 | 0,0 |
| godown | 5,52 | 8,72 | 1,74 | 68,8 | 31,2 |
| jamini shg | 4,51 | 5,23 | 4,07 | 25,0 | 75,0 |
| karen end shg/ dagoretti | 4,70 | 11,05 | 1,74 | 92,3 | 7,7 |
| oldnyati | 4,13 | 11,05 | 1,74 | 100,0 | 0,0 |
| olonana | 5,06 | 11,05 | 1,74 | 100,0 | 0,0 |
| sanchat womens group- gilgil | 3,13 | 9,89 | 1,74 | 93,8 | 6,2 |
| satubo | 2,77 | 6,40 | 1,74 | 100,0 | 0,0 |
| smart weavers | 4,88 | 6,40 | 1,74 | 90,0 | 10,0 |
| steve kibera jewellery | 4,85 | 11,05 | 1,74 | 22,2 | 77,8 |

Table 13 Daily income general (no orders)

| | Participation in the programme | | | | | |
|----------------------|--------------------------------|---------|---------|------|---------|---------|
| | no | | | yes | | |
| | Mean | Maximum | Minimum | Mean | Maximum | Minimum |
| Daily income general | 2,94 | 11,00 | ,00 | 2,65 | 42,00 | ,00 |

Table 14 Effects of participating in the programme on being head of the household

| | | Participation in the programme | | | |
|-----------------------|------------------------|--------------------------------|-------------|------------|-------------|
| | | no | | yes | |
| | | # | % | # | % |
| Head of the household | Yourself | 110 | 40,6 | 118 | 38,7 |
| | Spouse | 137 | 60,6 | 163 | 53,4 |
| | Mother | 3 | 1,1 | 2 | 0,7 |
| | Father | 11 | 4,19 | 8 | 2,6 |
| | Son | 0 | 0,0 | 1 | 0,3 |
| | Both mother and father | 2 | 0,7 | 0 | 0,0 |
| | Other | 8 | 3 | 13 | 4,3 |
| | Total | 271 | 100 | 305 | 100 |

Table 15 Effects of participating in the programme on owning a bank account

| | | Participation in the programme | | | |
|--------------------|-----|--------------------------------|-------------|------------|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Own a bank account | no | 175 | 64,6 | 144 | 47,2% |
| | yes | 96 | 35,4 | 161 | 52,8% |
| Total | | 271 | 100 | 305 | 100 |

Table 16 Effects of participating in the programme on saving

| | | Participation in the programme | | | |
|-------|-------------------------|--------------------------------|-------------|-----|-------------|
| | | no | | yes | |
| | | # | % | # | % |
| save | Group Bank Account | 3 | 1,1 | 3 | 1,0 |
| | Individual Bank Account | 58 | 21,4 | 98 | 32,1 |
| | Merry-go-round | 45 | 16,6 | 79 | 25,9 |
| | Mobile Banking | 45 | 16,6 | 24 | 7,9 |
| | Other ways | 31 | 11,4 | 23 | 7,5 |
| | Do not save | 89 | 32,8 | 78 | 25,6 |
| Total | | 271 | 100 | 305 | 100 |

Table 17 Effects of participating in the programme on borrowing money

| | | Participation in the programme | | | |
|---------------------------------|-----|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Borrowed money in the past year | no | 204 | 75,3% | 202 | 66,2% |
| | yes | 67 | 24,7% | 103 | 33,8% |

Table 18 Effects of participating in the programme on source of loan

| | | Participation in the programme | | | |
|----------------|---------------------------|--------------------------------|-------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Source of loan | Banks | 10 | 3,7% | 5 | 1,6% |
| | Self-help group | 0 | 0,0% | 45 | 14,8% |
| | Informal sector | 14 | 5,2% | 4 | 1,3% |
| | Micro-finance institution | 17 | 6,3% | 21 | 6,9% |
| | Have not borrowed | 204 | 75,3% | 199 | 65,2% |
| | Other | 26 | 9,6% | 31 | 10,2% |

Table 19 Effects of participating in the programme on reason for loan

| | | Participation in the programme | | | |
|---------------------|---|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Reason for new loan | Buy Assets (Land, Vehicle, Machinery, ETC.) | 5 | 1,8% | 12 | 3,9% |
| | Birth | 0 | 0,0% | 1 | 0,3% |
| | Business | 107 | 39,5% | 96 | 31,5% |
| | Future investment | 2 | 0,7% | 8 | 2,6% |
| | Livestock | 7 | 2,6% | 20 | 6,6% |
| | School fees | 23 | 8,5% | 56 | 18,4% |
| | No loans or not applicable | 121 | 44,6% | 97 | 31,8% |
| | Other | 6 | 2,2% | 15 | 4,9% |

Table 20 Effects of participating in the programme on being able to teach skills used for work

| | | Participation in the programme | | | |
|--|-----|--------------------------------|-------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Able to teach to others skills used for work | no | 19 | 7,0% | 6 | 2,0% |
| | yes | 252 | 93,0% | 299 | 98,0% |

Tables 21, 22, 23 and 24 Effects of participating in the programme training received

| | | Participation in the programme | | | |
|------------------------------|-----|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Received training on the job | no | 204 | 75,3% | 74 | 24,3% |
| | yes | 67 | 24,7% | 231 | 75,7% |
| Received formal training | no | 238 | 87,8% | 196 | 64,3% |
| | yes | 33 | 12,2% | 109 | 35,7% |

| | | Participation in the programme | | | |
|----------------------------------|-------------------------------|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Skills provided through training | Business skills | 15 | 44.1% | 45 | 41% |
| | Technical and business skills | 4 | 11.8% | 25 | 22.7% |
| | Technical skills | 15 | 44.1% | 40 | 36.4% |

| | | Participation in the programme | | | |
|--|-------------------|--------------------------------|---------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Use of skills on job (other than order work for beneficiaries) | no | 10 | 18.87% | 19 | 12.9% |
| | yes | 43 | 81.13% | 128 | 87.1% |
| | | Participation in the programme | | | |
| | | no | | yes | |
| | | # | % | # | % |
| Usefulness of training | Very useful | 41 | 83,7% | 122 | 81,9% |
| | Somewhat Useful | 6 | 12,2% | 20 | 13,4% |
| | Not Very Useful | 2 | 4,1% | 5 | 3,4% |
| | Not at all useful | 0 | 0,0% | 2 | 1,3% |

Tables 25 Effects of participating in the programme: Monthly spending on house

| Participation in the programme | Mean (US\$) |
|--------------------------------|--------------|
| no | 12.70 |
| yes | 15.45 |
| Total | 14.16 |

Tables 26 Effects of participating in the programme: Monthly spending on education for family

| Participation in the programme | Mean (US\$) |
|--------------------------------|--------------|
| no | 26.19 |
| yes | 32.26 |
| Total | 29.49 |

Tables 27 Effects of participating in the programme: Monthly spending on medical expenses

| Participation in the programme | Mean (US\$) |
|--------------------------------|--------------|
| no | 7.54 |
| yes | 10.51 |
| Total | 9.11 |

Table 28 Effects of participating in the programme: Confidence with daily tasks and activities

| Participation in the programme | Mean |
|--------------------------------|---------------|
| no | 3,6494 |
| yes | 3,7246 |
| Total | 3,6892 |

Table 29 Effects of participating in the programme: Proud of work to generate income

| Participation in the programme | Mean |
|--------------------------------|---------------|
| no | 3,3653 |
| yes | 3,5757 |
| Total | 3,4765 |

Table 30 Effects of participating in the programme: Opinion on Harm of Human Activity on the Environment

| | | Participation in the programme | | | |
|------------------------------------|-----|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Human Activity harm to environment | no | 167 | 61,6% | 90 | 29,5% |
| | yes | 104 | 38,4% | 215 | 70,5% |

Table 31 Effects of participating in the programme: Use of recycled material in line of work

| | | Participation in the programme | | | |
|--|--------------|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Use of recycled material in line of work | Aluminium | 1 | 0,4% | 2 | 0,7% |
| | Bones horn | 12 | 4,4% | 13 | 4,3% |
| | Brass | 0 | 0,0% | 4 | 1,3% |
| | Copper | 0 | 0,0% | 2 | 0,7% |
| | Paper | 1 | 0,4% | 6 | 2,0% |
| | Plastic | 1 | 0,4% | 12 | 3,9% |
| | Used fabrics | 39 | 14,4% | 100 | 32,8% |
| | None | 217 | 80,1% | 166 | 54,4% |

Table 32 Effects of participating in the programme: Use of Machinery

| | | Participation in the programme | | | |
|------------------------------|------------------------|--------------------------------|------------|-------|--------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Machinery used in production | All skills in list | 1 | 0,4% | 5 | 1,6% |
| | Die | 0 | 0,0% | 2 | 0,7% |
| | Electric Motor Powered | 17 | 6,3% | 25 | 8,2% |
| | Manual Sewing Machine | 61 | 22,5% | 37 | 12,1% |
| | No machinery | 157 | 57,9% | 172 | 56,4% |
| | Scissors | 26 | 9,6% | 53 | 17,4% |
| | Other | 9 | 3,3% | 11 | 3,6% |

Table 33 Effects of participating in the programme: New House

| | | Participation in the programme | | | |
|-----------------------------------|----------------------------|--------------------------------|--------------|-------|--------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Reasons for leaving present house | Improved Living Conditions | 75 | 27,7% | 91 | 29,8% |
| | Permanent Settlement | 29 | 10,7% | 41 | 13,4% |
| | Ownership | 33 | 12,2% | 49 | 16,1% |
| | leaveother | 13 | 4,8% | 18 | 5,9% |
| | Not Applicable | 121 | 44,6% | 106 | 34,8% |

Table 34 Effects of participating in the programme: Meals per day

| | | Participation in the programme | | | |
|---------------|-----------------------------|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Meals per day | More than three meals a day | 5 | 1,8% | 1 | 0,3% |
| | One meal per day | 23 | 8,5% | 26 | 8,5% |
| | Three meals per day | 150 | 55,4% | 134 | 43,9% |
| | Two meals per day | 93 | 34,3% | 144 | 47,2% |

Table 35 Effects of participating in the programme: Type of Meals

| | | Participation in the programme | | | |
|------------|------------------------------|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| type_meals | Animal Products | 13 | 4,8% | 4 | 1,3% |
| | Both Farm and Animal Produce | 133 | 49,1% | 153 | 50,2% |
| | Farm Produce | 117 | 43,2% | 127 | 41,6% |
| | Grains | 6 | 2,2% | 19 | 6,2% |
| | type_meals_other | 2 | 0,7% | 2 | 0,7% |

Table 36 Effects of participating in the programme: Opinion on Making Charcoal

| | | Participation in the programme | | | |
|----------------------------|----------|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Opinion on Making Charcoal | bad | 152 | 56,1% | 192 | 63,0% |
| | fair | 29 | 10,7% | 28 | 9,2% |
| | good | 11 | 4,1% | 19 | 6,2% |
| | very Bad | 79 | 29,2% | 66 | 21,6% |

Table 37-38 Effects of participating in the programme: Opinion on Combustion

| | | Participation in the programme | | | |
|----------------------------|----------|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Opinion on Wood Harvesting | bad | 139 | 51,3% | 196 | 64,3% |
| | fair | 22 | 8,1% | 25 | 8,2% |
| | good | 8 | 3,0% | 9 | 3,0% |
| | very Bad | 102 | 37,6% | 75 | 24,6% |
| | | Participation in the programme | | | |
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Opinion on Bush Burning | bad | 155 | 57,2% | 207 | 67,9% |
| | fair | 7 | 2,6% | 12 | 3,9% |
| | good | 2 | 0,7% | 11 | 3,6% |
| | very Bad | 107 | 39,5% | 75 | 24,6% |

Table 39 Effects of participating in the programme: Own a business

| | | Participation in the programme | | | |
|----------------|-----|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Qwn a business | no | 127 | 46,9% | 156 | 51,1% |
| | yes | 144 | 53,1% | 149 | 48,9% |

Table 40 Effects of participating in the programme: Plan to Develop a Business

| | | Participation in the programme | | | |
|--------------------------------|-----|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| Plan to develop a new business | no | 27 | 10,0% | 39 | 12,8% |
| | yes | 244 | 90,0% | 266 | 87,2% |

Table 41 Effects of participating in the programme: No. of Employees in Business

| | | Participation in the programme | | | |
|-------|----------|--------------------------------|------------|-------|------------|
| | | no | | yes | |
| | | Count | Column N % | Count | Column N % |
| emplo | Only_you | 104 | 38,4% | 104 | 34,1% |
| | 10_20 | 0 | 0,0% | 3 | 1,0% |
| | 2_5 | 32 | 11,8% | 23 | 7,5% |
| | 5_10 | 1 | 0,4% | 0 | 0,0% |
| | emplona | 134 | 49,4% | 175 | 57,4% |

Table 42 Effects of participating in the programme: Trade Main Occupation

| | | Participation in the programme | | | |
|---|-----|--------------------------------|-------|-----|-------|
| | | no | | yes | |
| | | # | % | # | % |
| Main occupation/livelihood activity rely on trade | no | 56 | 20,7% | 28 | 9,2% |
| | yes | 215 | 79,3% | 277 | 90,8% |

Table 43 Effects of participating in the programme: Pro-environment activity

| | | Participation in the programme | | | |
|---|---------------------|--------------------------------|--------------|-----|--------------|
| | | no | | yes | |
| | | # | % | # | % |
| Activity that would correct the harm human activity does to the environment | Cleaning | 44 | 16,2% | 74 | 24,3% |
| | Tree planting | 133 | 49,1% | 145 | 47,5% |
| | Forest conservation | 9 | 3,3% | 8 | 2,6% |
| | Other | 1 | 0,4% | 3 | 1,0% |
| | No activity | 84 | 31,0% | 75 | 24,6% |

Annex 5: Methodology

The present methodological annex details the full process that led to the production of the present final mid-term evaluation report of the PCTP. Elements from the methodology report are updated using information from the evaluation process itself to explain issues and minor changes brought to the evaluation's methodology, design and approach.

Evaluation design

The methodological report states that the evaluation design is based on the combination of 1) Exploratory or research evaluations (replicability of the intervention) and 2) Medium-scale quasi-experimental design (use of a control group). These two elements of the evaluation design were fully deployed during the mid-term evaluation of the PCTP. Thus, the proof of the replicable nature of the Kenya EFI helped develop the Purpose 2 of the report which focuses on the scaling-up of the programme's business model. In addition, thanks to the use of the control groups for the surveys (see below), the quasi-experimental design supported the assessment of the impact of the Kenya EFI on the beneficiaries it targeted. Data and information was collected on two different groups: the beneficiaries—which have participated in the Kenya EFI—and a control group—composed of individuals that have not benefited from the Kenya EFI—both groups from poor communities in Nairobi. This design allowed for the evaluation to *attribute* the differences observed between the two groups to the programme because the same questions were asked to both groups (although other questions were different to make sure they were aligned with the profile of the groups). This meant that with a level of confidence of 95%, the differences in answers given by the beneficiaries compared to the control group could be attributed to the PCTP.

Data Collection and Methodology

As suggested in the ToRs, six main data collection methods (lines of inquiry) were utilized to gather information and data. These lines of enquiry allows for both quantitative data and qualitative information to be collected:

1. Desk Research (both quantitative and qualitative);
2. Interviews (mostly qualitative);
3. Surveys (quantitative);
4. Focus Groups (mostly qualitative with some quantitative);
5. Participatory observation (mostly qualitative);
6. Participatory Workshop (mostly qualitative);

This impact assessment design—which uses mixed-methods (quantitative & qualitative)—was chosen because combining qualitative information and quantitative data is proven to depict a more objective and exhaustive picture of reality. Using mixed-methods also reduces the potential threats to the validity and adequacy of evaluation designs (including threats such as the availability and quality of data and data sources). The statistical data collected through the survey was hence completed and nuanced by the more qualitative oriented information collected through the other sources.

The survey

What follows is the rationale⁶⁶ which helped determine the range for the sample size of both the beneficiary group and the control group.

The total number of Kenyan PCTP beneficiaries during the period of implementation being evaluated was 1,143 individuals. The size of the population was determined using a list of beneficiaries provided by the programme. At first, the evaluation team was informed that there were 7,325 beneficiaries.

⁶⁶All information and formulas used in the present document can be retraced in the following publications and others: M. Bamberger, J. Rugh and L. Mabry. 2007. *Real World Evaluation: Working Under Budget, Time, Data and Political Constraints*.666 p. and D. L. Harnett, J. L. Murphy. *Statistical Analysis for Business and Economics*.951 p.

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Afterwards, this information was corrected as these 7,325 individuals counted beneficiaries from the *pilot phase* of the programme (which included beneficiaries involved in a very large order received by the programme but not renewed once the pilot phase ended [please see details on p. 11 and 24 of the report]); the evaluation was only to only evaluate the Kenya EFI, not the pilot phase. Once the evaluation team was provided with the official list of beneficiaries, it counted 1,207 names. However, there were mistakes in the list and 64 lines were missing which were deducted from the 1,207. The population was hence brought down to 1,143. In addition, the evaluation team noticed that there were duplicates in the lists of names. At first, these duplicates were deleted and the population was further reduced to 1,143 beneficiaries. Once this issue was discussed with the programme, it was determined that the duplicates were actually existing beneficiaries with exactly the same names. Here is a summary of the explanations given by the programme concerning this issue:

There is duplication of names; particularly in the "beading groups" which are the members of the Maasai tribe which is explained by the following:

The family/household structure is such that one man has many wives. They live in a group setting called a Manyatta. A man sometimes has up to 5 or 6 wives. The names of say 2 wives in one "Manyatta" dwelling or group location could be called e.g. Agnes and both take the same last name as the husband. It may appear confusing when seeing the list of the names written, but on the ground the distinction between the women of the same names is clear as they call themselves "Mama" plus the name of their first born child e.g. Mama Suzy or Mama Maria etc. So although formally they have the same last name—and sometimes even the same first name—they use their "mama" names in their daily lives. Further to explain if there is even more than say 2 people in one group with the same names, often the mother calls their daughter the same name that they have so you may have 2 e.g. Lucy plus same last name as they are a mother and daughter.

In the other groups where it appears duplication of names this is also explained by the "tribal" system of surnames. Traditionally skills also belong/feature to one ethnic community/tribe so e.g. in the bone group, it may seem there is the same person as the last name is the same but in fact they are from the same tribe or area that they have a surname in common. The first names also could be the same as there is a large repetition of names—a lot of them biblical [e.g. John; James; Mary; Agnes; Susan; Lucy].

After discussions with the EMU, it was thus decided to keep the population size at 1,143. From this, it was determined that to develop a representative sample of this beneficiary population for the survey, and build a matching control group, 300 beneficiaries would need to be surveyed. To build a control group that would permit the impact evaluation methodology to generate veridical results, at least 225 control group individuals would need to be surveyed (minimum of 75% of the beneficiaries). This was determined by using a sampling error of 5% and confidence interval of 4%. The sampling error is the difference between sample estimates, linked to chosen variables, and the actual values of the population parameters. The sampling error occurs because a sample is only a part of the population. The confidence interval represents values for the population parameter for which the difference between the parameter and the observed estimate is not statistically significant.

The sampling Process

The population was divided as follows:

| Name | # | Skills | Location |
|-------------------------|-----|--|-----------------|
| AlfPon Bone Group | 50 | Horn & Bone carving | Kibera |
| Ambassadors Women group | 131 | Crochet and tailoring and preparing | Waithaka |
| BegaKwaBega/Babadogo | 42 | Tie-dye, weaving, crochet; beading, tailoring and leather | Korogocho |
| Enduata | 117 | Bead work | Ngong Hills |
| Godown | 122 | Tailoring, leather, stitching, screen printing, preparation, | Godown, Nairobi |

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| Name | # | Skills | Location |
|----------------------------|-------|--|------------------|
| | | embroidery; QC, Shipment, PD etc | Industrial area. |
| Jiamini SHG | 30 | Leather accessories: leatherworks | Thika |
| Karen End SHG/ Dagoretti | 45 | Screen-printing, tailoring and crochet | Dagoretti |
| Oldnyati | 181 | Bead work | Oldanyati |
| Olonana | 160 | Bead work | Olonana |
| SanchatWomens Group-GilGil | 121 | Screen-printing, tailoring and crochet | GilGil |
| Satubo | 67 | Bead work | Rift Valley |
| Smart weavers | 38 | Loom weaving | Nairobi |
| Steve KiberaJewellery | 39 | Recycled brass work | Kibera |
| Total beneficiaries | 1,143 | | |

The beneficiary sample group of 300 individuals represents 26.24% of the total population (300/1,143). Using a stratified selection process (proportionate for each group/location) mixed with a randomized sub-process, here is how the process was developed:

1. first for every group (by geographic area), the sub-sample was determined by calculating 26.24% of each specific group's population;
2. second, the needed number of individuals per group was randomly selected from the group's population by generating a random integer using the Excel formula =RANDBETWEEN(bottom; top). **Bottom** is the smallest integer RANDBETWEEN will return and **Top** is the largest integer RANDBETWEEN will return

For example, for the Alfpon Bone Group, knowing there are 50 individuals, 13 individuals (26.24% of 50 = 13.12) were selected. Using the Excel formula, we generate sub-samples of 13 individuals randomly.

After having gone through this process with every group, the beneficiary sample was of 302 individuals (because of the round off).

Now, having each group's sample, it was possible to determine their profile in terms of skill base and gender. The control groups in each geographic area matched these profiles (in number—75% minimum,—skill base and gender).

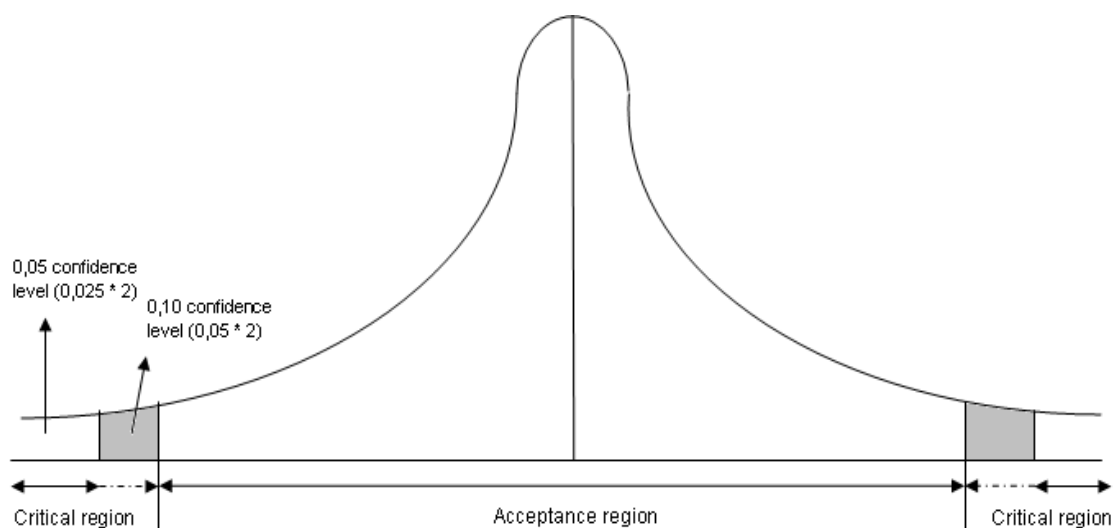
It took the 5 national consultants from the survey team (plus the coordination efforts of the survey team national team leader) 12 days each to conduct the surveys (they could carry out about one per hour in an 7 hour day—these calculations include travel and the fact that the survey consultants had to find individuals matching the beneficiary sample for the control group sample).

To build the national survey team, the evaluation team leader proposed the CV of a colleague national consultant (which later became the survey team coordinator). The consultant was selected in accordance with the EMU and hired by the ITC. She (the consultant) then proposed a team of survey consultants which after some changes, was put together and hired by the ITC.

The coordination of the team's efforts was shared between the evaluation team leader, a representative from the programme and the survey team coordinator. The 12 day programme was well organized and detailed and everything ran smoothly. The evaluation team leader visits in the field (for the direct observation and the focus group discussions) where matched with the survey team's itinerary to allow him to oversee the survey process. The evaluation team leader's mission in Nairobi Kenya took place between November 5th and November 10th. This was at the beginning of the survey team's official work in the field (after the training and the tests on the questionnaires—see below). After the Kenya mission, the team leader visited the Ghana EFI during November 12th and 13th.

In Kenya, the survey team interviewed 310 beneficiaries and 280 control group individuals, for both samples, more than planned. However, once the evaluator started analyzing the data, it became clear that

some minor issues were affecting the process: some answers “did not make sense”. Indeed, 9 respondents in the control group and 5 respondents in the beneficiary group answered that their average monthly income was above 30 000 KES, the equivalent of 348.73US\$, with some having incomes of up to 627.71US\$. Considering that even with these answers included in the calculations, the average monthly income for both groups was 85US\$, it can be said that these answers are ‘outstanding’ and ‘irregular’. By comparing with data from the baseline study, this analysis is supported as the document states that the average monthly income of the beneficiaries is between 62US\$ and 100US\$. Hence, the outstanding data did not represent the target population of the programme. These answers biased the analysis as they were over three folds the standard deviation of the mean; way out of the acceptance region (standard deviation) into the critical region in the figure below.



Thus, taking this factor into account, these 14 outstanding answers have been removed from the samples (9 from the control group and 5 from the beneficiary group). As a result, for the beneficiary group, the data from a total of **305 respondents** was used. The beneficiary group counted 268 (87.9%) women and 37 (12.1%) men (in the baseline study women represented 90%). A total of 86.1% were aged between 18 and 45 years, with a diverse range of skills (10 separate categories), where the most prominent (54.4%) was beading, and the least (0.7%) administration. Similar profiles were linked to the control group of **271 respondents**. Further details on the distribution of age and gender for the beneficiary and control groups are provided in Tables 2 and 3 below.

Table 2: Age Groups of Beneficiary and Control Groups

| Age Group | Beneficiary Group | | Control Group | |
|------------------------------------|-------------------|------------|---------------|------------|
| | Number | Percentage | Number | Percentage |
| Youth (18-30 years) | 134 | 45,4 | 134 | 53,2 |
| Adult (31-45 years) | 120 | 40,7 | 91 | 36,1 |
| Middle-aged (46-60 years) | 35 | 11,9 | 20 | 7,9 |
| Elderly (61 years and above) | 6 | 2,0 | 7 | 2,8 |
| Do not know / Prefer not to answer | 10 | 3,3 | 19 | 7 |
| Total | 305 | 100 | 271 | 100 |

Table 3: Gender Distribution of Beneficiary and Control Group

| Gender | Beneficiary Group | | Control Group | |
|--------|-------------------|------------|---------------|------------|
| | Number | Percentage | Number | Percentage |
| Female | 268 | 87,9 | 219 | 80,8 |
| Male | 37 | 12,1 | 52 | 19,2 |

| | | | | |
|-------|-----|-----|-----|-----|
| Total | 305 | 100 | 271 | 100 |
|-------|-----|-----|-----|-----|

The survey questionnaires

The survey questionnaires (one for each group with some minor differences between them to match the profiles of the groups) were developed in a participative way and were, to a certain extent, built on the basis of the SIA's questionnaire to eventually allow for data comparison. However, many changes, additions, removals and improvements have been made to the original questionnaire in accordance with the evaluation team and the EMU. The fact that the SIA's questionnaire was modified posed the challenge of working in a quasi-experimental evaluation design with only partial baseline data. Thus, the use of the control group was critical in the present impact evaluation exercise. Also, here are some other elements that were used to reduce the threats to the validity of the results caused by the partial absence of baseline data:

- Use of secondary data;
- Use of qualitative, participatory methods of data collection (focus groups and workshop) to reconstruct the history of the community and to assess the changes that have been produced but the project; and
- Conduct interviews with key informants closely and directly linked with the EFP and that know the targeted community.

The questionnaires have been coded into software called Open Data Kit (ODK) (<http://opendatakit.org/>, please see Appendix 3 and 3a for the coded questionnaire). Indeed, the EMU decided to buy “smart tablets” to ease the work of the national team responsible of conducting the surveys. Using these tablets, after having gone through the questionnaires with the respondents, the survey consultants saved the answers on the tablets memory space to later upload them to the ODK server once they had access to internet. Once all surveys were conducted and uploaded on the server, the data was aggregated and exported into the SPSS readable format (.sav) by the evaluation team leader to permit statistical calculations.

It is to be noted that before the whole evaluation team started their official work in the field, a two-day training was conducted with the survey team with instructions and content developed by the evaluation team leader. During these two days, the preliminary version of the survey questionnaires was tested multiple times by the survey team—including actual tests with beneficiaries—to determine the correctness and intelligibility of the surveys. Some minor corrections and changes were brought to the questionnaires based on these tests, before producing the final versions.

While analyzing the data, the evaluation team leader noticed that the *control group answers* counted 14 respondents that had mentioned they *had* participated in the programme. The answers given by the 14 respondents thus biased the content of the control group data. Hence, call backs were organized to rectify the situation. Once the new data was aggregated, the quantitative analysis could continue.

Focus Groups & Workshop

The focus groups' guides and workshop programme were largely based on the general evaluation questions and the preliminary survey questions and then adapted according to discussions between the evaluation team and the EMU.

In accordance with the ToRs, the focus groups were conducted “...in an informal setting⁶⁷.” The focus groups were conducted by the evaluation team leader while on mission in the field, assisted by the national coordinator (in terms of translation mostly). In each location visited, around 10 beneficiaries (with one or two individuals that did not participate in the programme) were randomly selected and grouped for the discussions. Using the focus group guide, the hour long discussions were loosely directed by the evaluation team leader and the survey team coordinator. The word “loosely” is used because although all questions from the guides were covered during the discussions, the process took place in an

⁶⁷INTERNATIONAL TRADE CENTER. June 2012. *Evaluation Terms of Reference: Poor Communities and Trade Programme*. Table in section 5

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informal context and resembled a regular discussion amongst co-workers. In all, ten focus group discussions were carried out (more than the 7 planned):

1. **Group:** Steeve Brass, **Region:** Kibera;
2. **Group:** Sanchat, **Region:** Gilgil;
3. **Group:** Oldanyati, **Region:** Rift Valley;
4. **Group:** Bega kwa Bega, **Region:** Babadogo;
5. **Group:** Smart Weavers, **Region:** Mihango;
6. **Group:** Ambassador women group, **Region:** Waithaka;
7. **Group:** Jiamini Self Help Group, **Region:** Thika; and
8. **Group:** EFAL, **Region:** The Hub Central Nairobi (3 rounds of discussion)

The Workshop

The workshop took place at the end of the team leader's mission (FROM 9 am to 3:30 pm, November 8th). The participatory evaluation workshop involved 25 key stakeholders of the Kenya EFI. The workshop enabled the evaluation team to take a broad view of the initiative and provided stakeholders, with an opportunity to present their perceptions and assessments of the EFI's activities and results.

The evaluation team ensured that discussions were relevant, participatory and constructive, and that outputs were forward looking, using mainly the general evaluation questions. Activities guiding the workshop were organized: the participants were divided into small-groups, making sure they were well-balanced in terms of organization, function and seniority of the participants.

The small groups were provided with key themes they should address. The small groups discussed for about an hour and a half and then came up with joint findings, comments and recommendations for the programme. A spokesperson for each group was designated by the group members to present findings in plenary.

The evaluation facilitated the discussions in plenary and drew up key conclusions and recommendations based on the presentations made by the groups.

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Mission Notes

Kenya, Ghana, London, Rome, Milan, Florence, Washington, Basel, Mali

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