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EVALUATION

USAID/Sri Lanka Eastern Garment Alliance (EGA) Project

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Acronyms

A-Level	Advanced Level
BEST	Building of Employable Soft Skills and Talents
BOI	Board of Investment
CDCS	Country Development Cooperation Strategy
DAEL	Daya Apparel Export (Pvt) Ltd
DLI	Development Leadership Initiative
EGA	Eastern Garment Alliance
EU	European Union
FGD	Focus Group Discussion
FSO	Foreign Service Officer
GCE	General Certificate of Education
GDA	Global Development Alliance
GDP	Gross Domestic Product
GFP	Garment Factory Program
GSP+	General Preferential Scheme for Sustainable Development
IR	Intermediate Result
JAAF	Joint Apparel Association Forum
LER	Office of Learning, Evaluation and Research
O-Level	Ordinary Level
PMF	Presidential Management Fellow
PPA	Public Private Alliance
PPL	Bureau of Policy, Planning and Learning
SLR	Sri Lankan Rupee
UNP	United National Party

Executive Summary

Since the end of the Sri Lanka civil war in 2009, USAID has focused its development priorities in conflict-affected northern and eastern regions. The United States Government Country Development Cooperation Strategy (CDCS) for Sri Lanka, FY 2011-2013, focuses on two Development Objectives: (1) 'Strengthened Partnership between the State and its Citizens to Establish a Foundation for Reconciliation'; and (2) 'Increased and More Equitable Economic Growth in Former Conflict Areas.' Under the second development objective, USAID created a series of Public Private Alliances (PPAs), in order to increase investments in conflict-affected areas, and advocate for regulatory improvements to the business environment.

Taking the private sector as Sri Lanka's growth point, USAID's Public Private Alliances initiative in Sri Lanka began in 2008, aiming to boost economic growth in conflict-affected regions. In March 2010, in support of USAID/Sri Lanka's Public Private Partnership (PPP) strategy to rebuild social and economic security in Northern and Eastern Provinces, the Mission entered into a Cooperative Agreement with Daya Apparel Export (Pvt) Ltd (DAEL), to design and implement the Eastern Garment Alliance (EGA). The Eastern Province of Sri Lanka consists of three Districts, Ampara, Trincomalee and Batticaloa, and has a combined population of roughly 1.5 million people.

EGA's aim is to boost social and economic development in Sri Lanka's Ampara District by increasing incomes through direct employment of 1000 people in three apparel factories, with an eye towards increasing prosperity and stability in the district. Ampara District lies within Sri Lanka's Eastern Province, a predominantly rural (80.6%) and economically challenged area subjected to devastating impacts from the country's 26-year civil war and from the 2004 tsunami. EGA's two goals are to: (1) increase DAEL income through enhanced capacity and create higher national GDP and GNP contributions from the eastern province, and (2) improve social and economic conditions of the people in Ampara District by increasing incomes through job creation. To achieve these goals, EGA established newly constructed garment factories located in the towns of Maha Oya, and Thirukkivil and a converted factory facility in the town of Ninthavur. USAID provides \$1.3 million over the life of the project, while DAEL has committed \$2.13 million. The Ninthavur and Maha Oya factories commenced operations in September 2011 and May 2012, respectively, and the Thirukkivil facility began operations in July 2012.

This is a report on the mid-term performance evaluation of EGA from its inception through September 2012. The purposes of the evaluation are to: 1) determine how well or poorly project components are working and why; 2) identify needed modifications, as the project moves forward; and (3) determine whether factories are operating effectively to contribute to the economy and are meeting plans and targets. The evaluation provides pertinent information and statistics that will assist USAID and DAEL to assess what is being accomplished by EGA. The evaluation was conducted by a six-person team that included a Senior Evaluation Specialist from the Office of Learning, Evaluation and Research (LER); two DLI Foreign Service Officers who have completed one of LER's evaluations courses; a Presidential Management Fellow (PMF) who is a monitoring and evaluation specialist at LER; and two USAID/Sri Lanka staffers

with evaluation portfolios. Field work for the evaluation took place in Sri Lanka from October 22, 2012 to November 9, 2012.

The methodology was a mixed approach in which primary and secondary data were collected and analyzed, using both quantitative and qualitative techniques. This included: (1) desk review and analysis of literature and factory records; (2) in-depth interviews with key informants; (3) focus group discussions (FGDs); and (4) an employee survey.

Based on the scope of work the following questions were addressed:

1. To what extent have employee incomes increased since undertaking employment?
2. How sustainable is EGA over a ten-year future in terms of human resource availability, production costs and market demand for current and potential products?
3. What is the work force dropout rate, what are the main reasons for dropout and what mitigation measures might be most valuable?
4. What other leading problems has EGA faced and what mitigation measures should it adopt or consider?
5. To what extent has EGA attained 'sustainable women's participation' and 'ethnic equitability' according to suitable definitions to be determined?

Findings

EGA aims to create 1,000 jobs through the three factories it has established. At the time of the evaluation in October 2012, an estimated 519 jobs, or slightly more than half (52%) of the targeted number of jobs had been filled. In Nintavur, there were 93 workers, in Maha Oya there were 209 and in Thirukkivil, there were 217. For most employees, this was the first paid job. Currently, many employees are still trainees, receiving the training salary, a set rate for the first three to six months depending on ability to achieve higher productivity. After that, they will then become "production team members", and work as machine operators (MOs), during which they will earn salaries up to SLR 7,950 per month and above based on experience and capabilities.

The three factories established by EGA are sustainable over the long-term. DAEL management pointed to the track record of the parent company in Sri Lanka's garment sector. DAEL's original factory was established in 1992 and has been in operation in Ampara since that time. One factor that has been affecting production within the industry in Sri Lanka, with implications for sustainability, is competition posed by countries with lower labor costs such as Vietnam and Bangladesh. Burma is also on the rise to be a potential competitor with regards to labor cost. However, experts with knowledge of the garment industry in Sri Lanka indicated that the industry will continue to be competitive and sustainable, as emphasis continues to be placed on quality, as a way of attracting new customers.

EGA factories are currently fully booked with orders, and because these are start-ups with less experienced workers, there has been an emphasis on "low quality brands." Also, according to

the management, some brands which left for the low cost labor markets are returning back to Sri Lanka. DAEL management does not see any of the factories closing down in the near future because of production issues. This point was underlined by the following statement, “We have been in this trade for more than 20 years. We know well about the trade and if it is not sustainable we would not have taken a decision to invest more than \$2.13 million.”

Retention of good and experienced workers is a major challenge raised by managers in all three factories as well as DAEL central managers. Prevalent generally in the apparel sector, high turnover may be EGA’s biggest management headache. Reasons for quitting are diverse and vary in frequency among the factories.

When perceived drop-out reasons are cross-referenced with job satisfaction survey data, it appears that there is ongoing dissatisfaction with wages. Transportation is a serious issue and was also regularly cited from all sources of information as a barrier to retention and worker satisfaction. The lack of transport adds an increased burden of time and cost on the workers.

Provision of meals was perceived by many as affecting productivity and job satisfaction. Meals were also linked to attendance, since preparing and packing meals added as much as an hour to the workers’ daily routines. Cafeterias are currently under construction at both Maha Oya and Thirukkivil, which will begin to serve tea twice a day as well as lunch to all employees.

According to interviews with community leaders, mostly girls are interested in EGA positions and the number of male applicants is much smaller. DAEL management estimates that women make up 90% of the project workforce, and data from the employee survey showed that 95.8% of the respondents were female. DAEL cannot determine precisely how many employees it has at any given time because workers who quit often provide no notice. It appears that, in general, the factory is an acceptable place for women in these communities to work and earn. This is largely because the prevailing perception is that garment work is a woman’s job. The resulting effect of women now having access to income has also been mostly positive. Data from the employee survey show that 48.0% of women working on the factory floor provide the sole income for their households.

With the establishment of the factories, there appears to be a lifting of social stigma against women working. When it was decided that DAEL would establish a factory in Ninthavur, the local mosque did not endorse women working and would not help in the efforts to advertise open positions. There was and continues to be some lingering concern over the fact that men and women work together in the factory, which some argue can be resolved by replacing male supervisors with females. Another concern is that the girls return home late at night, a practice culturally associated with illicit activity.

Recommendations

Based on discussions with the Mission Director, the PPA on which this project was based will not be used in programming future initiatives for the Mission. With regards to

recommendations on the mechanism itself as a model for achieving USAID development goals, based on the evidence derived from this evaluation, it can be suggested that:

- Discussions with USAID staff indicated that similar GDA initiatives that required construction of new factories, have experienced very long delays in startup, due to the difficulty in obtaining land for construction. In the case of EGA, difficulties in obtaining land resulted in the project losing almost one year of implementation time. This leads us to conclude that there are challenges in obtaining land for new factories, which might be beyond the control of the partner implementing the GDA initiative. If this is true, then it may be suggested that GDA initiatives that include the partner purchasing new land to establish new factory operations should be avoided.

Other suggested recommendations will apply primarily to the operations of the three EGA factories, and these could be applied by the DAEL management even without the assistance of USAID. Among these are the following:

- DAEL should ensure that all workers receive the in-house, 5-day, 30 hours training, Building of Employable Soft Skills and Talents (BEST). This training provide soft skills for employees, enabling them to be equipped with competencies in work ethic, courtesy, teamwork, self-discipline and confidence, language proficiency, leadership, problem solving, and decision making. This training, according to project staff, has been effective in improving attendance and job retention levels.
- To mitigate attrition caused by women getting married, DAEL should explore whether and how to increase the number of male MOs, despite cultural assumptions about the 'female' character of garment work and community concerns about mixed-gender workforces;
- Despite concerns that unreachable targets would discourage trainees, DAEL should consider installing some form of performance-based bonuses for trainees;
- Because proper attendance is critical for production planning and because dismissing trainees for poor attendance may not be a realistic option, DAEL should offer attendance bonuses for trainees, who are not eligible for participating in the various production incentive packages offered by the company;
- DAEL should address transport challenges, perhaps by installing at Ninthavur and Thirukkivil some version of the 50% transportation subsidy it offers at Maha Oya.
- DAEL should quickly implement plans for providing staff meals.

1. Introduction and Country Context

Since the end of the Sri Lanka civil war in 2009, USAID has focused its development priorities in conflict-affected northern and eastern regions. While the country has made rapid economic progress following the end of the war, the recent economic outlook has not been very good. The government has been tackling a growing trade deficit, a falling currency, and discontent over increased living costs following hikes on fuel and electricity prices.

With a population of 20.9 million, the spatial divisions in Sri Lanka include 72.2% rural, 21.5% urban, and 6.3% on plantation estates. Ethnically, the majority (74%) of the population are Sinhalese. This is followed by 12.7% Sri Lankan Tamils, 5.5% Indian Tamils, 7.1% Muslims, and 0.8% from other minority ethnic groups. In 2011, the officially reported unemployment rate was 4.2%, with female unemployment (6.8%), more than twice that of male unemployment (2.7%).¹ However in Ampara District, where the project is located, the unemployment rate is much higher at 7.2%.² Sri Lanka is a country in transition, and its key challenges are to bring reconciliation between the diverse ethnic groups in the North and East, and the Sinhalese majority who dominate the rest of the country.

The United States Government Country Development Cooperation Strategy (CDCS) for Sri Lanka, FY 2011 -2013, focuses on two Development Objectives. These are: (1) Strengthening Partnership between the State and its Citizens to Establish a Foundation for Reconciliation; and (2) Increased and More Equitable Economic Growth in Former Conflict Areas. Under the second development objective, USAID created a series of Public Private Alliances (PPAs) in order to increase investments in the conflict-affected areas, and advocate for regulatory reforms to improve the business enabling environment. Also, under this objective, activities are supported to enhance workforce skills and enterprise productivity toward regional economic development and improved economic opportunities among vulnerable populations.

Sri Lanka's economic growth reflects a strong regional imbalance between the Western Province and the regions in the North and East, which were severely affected by the conflict. Much of Sri Lanka's economic activity is concentrated in Colombo and surrounding areas in the Western Province. In 2011, the contribution of Sri Lanka's Western Province to the country's GDP was 44.4%. The second highest contribution was from the Southern Province at 11.1% of the total GDP, followed by the North Western Province at 10%, the Central Province with 9.8%, and the Eastern Province at 5.7%.³

In its efforts to address the regional imbalances in economic growth, USAID has been investing in projects in the Northern and Eastern Provinces, implemented under Development Objective 2 of the CDCS. Under this objective, the Mission expects to achieve two intermediate results (IR):, 'Increased private sector investment in conflict affected areas' (IR 2.1) and 'Increased

¹ Economic and Social Statistics of Sri Lanka 2012, Central Bank of Sri Lanka, April 2012.

² Sri Lanka Labour Force Survey Annual Report – 2011, (With Provincial and District level data), Department of Census and Statistics, Ministry of Finance and Planning, September 2012

³ www.dailymirror.lk, WP's contribution to GDP Marginally Drops, Friday August 10, 2012.

enterprise development in conflict affected areas' (IR 2.2). In March 2010, in support of USAID/Sri Lanka's Public Private Partnership (PPP) strategy to rebuild social and economic security in the Northern and Eastern Provinces, the Mission entered into a Cooperative Agreement with Daya Apparel Export (Pvt) Ltd (DAEL), to design and implement the Eastern Garment Alliance (EGA). The Eastern Province of Sri Lanka consists of three Districts, Ampara, Trincomalee and Batticaloa, and has a combined population of roughly 1.5 million people. The province is unique because it is the home to all three ethnic communities with approximately 40% of the population Tamil, 38% Muslim and 22% Sinhalese⁴. Currently, the EGA project is in its third year of implementation. With the support of USAID, the EGA project established turn-key garment factories in Maha Oya and Thirukkivil along with a third garment factory in a converted building, all in Ampara District.

This is an evaluation report on the mid-term performance evaluation of the EGA project. This performance evaluation was conducted by a team composed of the Senior Evaluation Specialist at the USAID Office of Learning Evaluation and Research, as team lead, two DLI Foreign Service Officers, a Presidential Management Fellow, and two USAID/Sri Lanka staffers with evaluation portfolios as team members. The report is divided into eight sections. The next section provides a description of the EGA project design and the context in which the project is being implemented; this is followed by an overview of the evaluation purpose and questions; the fourth section is a description of the evaluation methodology; sections five and six present the evaluation findings; and sections seven and eight are the conclusions and recommendations respectively.

The Apparel Industry in Sri Lanka

The apparel industry in Sri Lanka expanded rapidly after the liberalization of the economy in 1977. In 1992, the Board of Investment (BOI) came into operation and offered attractive incentives to garment producers moving to rural areas under the "200 Garment Factory Program" (GFP)⁵. The BOI was able to set up 163 factories by 1995 under the program. By 2002, the Sri Lankan textile and garment sector constituted 6% of GDP, 30% of industrial production, and 33% of manufacturing employment. The industry provides employment to over 300,000 directly and to some 600,000 indirectly (e.g., support services), including a substantial number of women.⁶ The apparel sector is the highest foreign exchange earner in Sri Lanka. In 2010, the total export income generated by the sector was \$3.5 billion, equivalent to 42.2% of total exports and 56.5% of industrial exports, reflecting a 7.0% growth during the year.⁷

However, the industry has been faced with challenges in recent years. The competition in the global apparel production market is becoming increasingly fierce, and the traditional low labor

⁴ Sri Lanka Department of Census and Statistics, 2007; <http://www.irinnews.org/Report/96422/SRI-LANKA-Too-many-jobless-youth-in-former-war-zone>.

⁵ Kelegama, Saman, 2005, Ready-Made Garment Industry in Sri Lanka: Preparing to Face the Global Challenges, Asia-Pacific Trade and Investment Review Vol. 1, No. 1, April 2005.

⁶ <http://www.srilankaexpo.com/index.php/products-a-services/industrial-products/garments>

⁷ Board of Investments of Sri Lanka:

http://www.investsrilanka.com/key_sectors_for_investment/apparel_overview.html

cost advantage held by the Sri Lankan sector has now moved to countries such as Vietnam and Bangladesh. Identifying and implementing new sources of competitive advantage is critically important for the Sri Lankan apparel industry's future⁸.

In August 2010, Sri Lanka's apparel industry was removed from the General Preferential Scheme for Sustainable Development (GSP+), which allowed duty-free exports to the European Union. Loss of the GSP+ status resulted from government shortcomings in respect to implementation of three UN human rights conventions relevant for benefits under the scheme. In recent months, Sri Lankan economists have contended that contraction in exports to the EU in 2012 indicate that the loss of GSP+ is having an impact on the economy including the apparel exports. For example, Rohan Abeykoon, chairman of the Sri Lanka Apparel Exporters Association, is reported as saying, "This year there is a US \$122m drop in export earnings from January to August, compared to last year. In 2012, overall, to all markets, including the EU, our exports dropped by 6.5%. So, if the trend continues, we can expect an overall drop of about 8% in earnings this year, compared to 2011."⁹

Regardless of these challenges, there is still a future for the industry in Sri Lanka. With most of the sector currently concentrated in the relatively high-wage Western Province and with the newfound peace in the country, provinces such as the Eastern Province are emerging as sites for expansion and creation of much needed post-conflict jobs. It is within this context that USAID established the Public Private Alliance with DAEL.

USAID Public Private Alliances (PPAs)

With the launch of the Global Development Alliance (GDA) in 2001, USAID embarked on identifying private sector partners to leverage its development funding, and the Mission in Sri Lanka was no exception. Taking the private sector as Sri Lanka's growth point, USAID's Public Private Alliances initiative in Sri Lanka began in 2008, aiming to boost economic growth in conflict-affected regions. USAID has negotiated PPAs for sustainable enterprise development. Sri Lankan firms have been partners in alliances established by the Mission. USAID currently supports alliances with six Sri Lankan companies, which operative respectively in the aquaculture, horticulture, logistics and apparel sectors.



⁸ Mataraarachchi, Rivini, 2012, Competitiveness of Sri Lankan Apparel Industry, International Conference on Management, Behavioral Sciences and Economics Issues, Penang, Malaysia

⁹ Samaraweera, Dilshani, Sri Lanka's garment industry feels GSP+ loss, Sri Lanka Brief, October 30, 2012.

In addition to the nearly \$11 million in grants USAID has provided, the alliances have leveraged approximately \$26 million from private partners. In the apparel industry, USAID has partnered with large and medium sized apparel exporters, including Brandix, MAS Active and DAEL, to establish factories in recovering areas and concentrate on socially integrating youth from all ethnic groups.

The most effective partnerships happen at the intersection of a business’s core interests with one or more of USAID’s development objectives. They also are co-designed, co-funded (with cash, expertise and in-kind resources), and co-managed by partners so that the risks, responsibilities and rewards of the partnership are shared.¹⁰

Below are complementary opportunities of alliances between USAID and the private sector towards achieving mutual development outcomes.

USAID	Private Partner
Funding	Capital
Development expertise	Market access
Long-term in-country presence	Sustainability
Network of local and global partners	Technical expertise
Policy influence	Augmented Incomes

In addition, to qualify as GDA initiatives, PPAs must meet the following criteria:

- At least 1:1 leverage (in cash and in-kind) of USAID resources¹¹
- Commonly-defined goals and development solutions
- Non-traditional partners (companies, foundations, and others)
- Shared resources, risks and results
- Innovative, sustainable approaches

EGA project qualifies as a GDA initiative and is implemented in the form of a cooperative agreement between USAID/Sri Lanka and the private sector partner.

2. Project Background

In March 2010, USAID awarded to Daya Apparel Export (Pvt) Ltd (DAEL), through a cooperative agreement, the sum of Sri Lankan Rupee (SLR) 145,000,000 (equivalent to U.S. \$1,262,846) to provide support for the EGA program. Based on the original agreement budget, USAID’s funds were used to support construction of the factories (SLR 45,000,000), procurement of machinery and other equipment (SLR 65,000,000), and training (SLR 35,000,000). DAEL was to provide ‘cost share’ (auditable leverage) for construction of the factories (SLR 11,250,000), for

¹⁰ O’Neill, Maura, 2011, Public Private Partnership Week: USAID celebrates ten years of Global Development Alliances, <http://blog.usaid.gov/2011/10/public-private-partnership-week-usaid-celebrates-ten-years-of-global-development-alliances/>

¹¹ This definition is specific to a GDA, where at least a 1:1 match is required.

machinery and other equipment (SLR 16,250,000) and for training (SLR 8,750,000). An additional SLR 208,750,000 in non-auditable leverage from DAEL would support factory construction (SLR 53,750,000), procurement of machinery and other equipment (SLR 48,750,000), factory management (SLR 100,000,000), and training (SLR 6,250,000).

The original agreement was for DAEL to establish one new ready-made garment factory in Samanthurai, Ampara District, where the majority of people have suffered hardship due to conflicts, war, tsunami and other natural disasters. In the initial cooperative agreement, that plant was to house 15-20 machine lines, with the capacity to hire more than 1000 employees. Annual production capacity was expected to be above 2,400,000 pieces with an expected annual turnover above US \$15,600,000 (SLR 1778 ml @ US\$ 1 = SLR 114).

However, in November, 2010, DAEL proposed an amendment to the initial agreement. According to an explanatory memo submitted to USAID, survey results and appeals from community leaders convinced DAEL to propose constructing four new factories with five lines each, instead of one with 20 lines. Reasons included: (1) challenges of recruiting 1000 employees from a single location; (2) opportunities for reaching a multi-ethnic and multi-racial community; and (3) foreseeable high absenteeism among employees having to travel long distances to work in one factory. The proposed locations were: (1) Akkarapattuwa (Thirukkovil)/Samanthurai, with a population composed of 99.4% Sri Lankan Muslims; (2) Navithanweli/Central Camp (67% Tamils and 33.7% Muslims); (3) Padiyatalawa (99.5% Sinhala); and (4) Maha Oya (99.7% Sinhala). These locations were approved by USAID, and DAEL was given the go ahead.

In January 2011, a further DAEL proposal requested that the number of factory sites be reduced from four to three. Having found that suitable land was not available in Padiyatalawa and Navithanweli DAEL proposed factories lines in: (1) Thirukkovil (10 lines); (2) Ninthavur (3 lines); and Maha Oya (7 lines). It is these sites at which the project is currently operating, and which were visited during the evaluation.

The Eastern Garment Alliance (EGA)

The EGA project's aim is to boost social and economic development in Sri Lanka's Ampara District by increasing incomes through direct employment of 1000 people in three apparel factories, with a goal towards increasing prosperity and stability in the district. Ampara District lies within Sri Lanka's Eastern Province, a predominantly rural (80.6%) and economically challenged area subjected to devastating impacts from the country's 26-year civil war and from the 2004 tsunami. Located 320 km away from the capital of Colombo, the district covers more than 44% of the area (4415 sq. km) of the Eastern Province and 6.7% of the entire island. The administrative structure comprises 20 Divisional Secretariat Divisions, 505 'Grama Niladari' Divisions (subunits within Secretariat Divisions) and 828 Villages. Home to a multi-ethnic, multi-religious citizenry, the district has a total population of 610,719.¹²

¹² Sri Lanka Department of Census and Statistics, 2007

EGA has established new garment factories in the towns of Maha Oya, and Thirukkivil and converted a former movie theater into a factory at Ninthavur. USAID provides \$1.3 million over the life of the project, while DAEL has committed \$2.13 million. The Ninthavur and Maha Oya factories commenced operations in September 2011 and May 2012, respectively, and the Thirukkivil facility began operations in July 2012. In terms of production and employment, the three-line Ninthavur factory is designed to accommodate 150 employees while the seven-line Maha Oya factory can accommodate 350 and the ten-line Thirukkivil factory 500.

Project Goals and Objectives

In establishing the three new factories in Ampara District, DAEL is expected to enhance its production capacity to a higher level, venture into new market segments and expand its domain of merchandising. Through the factories established under EGA, the communities in the area will benefit from direct DAEL employment and from indirect employment. The EGA is designed to achieve two goals and six objectives, as outlined below.

Goal # 1: To increase income of the DAEL by enhancing its capacity and creating higher contribution to GDP and GNP of the country from the eastern province.

- Objective 1.1: By the end of first year procurement of land, construction of buildings, selection of staff and installation of machines will be completed.
- Objective 1.2: During the latter part of the first year additional orders will be negotiated for supply during the second year while transferring excess quantities of orders meant for outsourcing to the new factory.
- Objective 1.3: Operation of the factory will commence early in the second year and by the end of the second year at least 75% of the annual expected production will be achieved.
- Objective 1.4: From third year onwards factory will be operating at its full capacity and level of production will not be less than 2,400,000 pieces, with an annual turnover above US \$15,600,000 (SLR 1778 ml @ US\$ 1 SLR.114).

Goal # 2: To enhance social and economic condition of the people in the Ampara District by increasing their income by generating jobs.

- Objective 2.1: During the first year, a substantial number of indirect jobs will be created in construction while the factories are being built.
- Objective 2.2: During the third quarter of the first year 900 machine operators and 100 work assistants (e.g. production assistants, and quality control assistants) will be selected and sent for training by batches. In addition 72 experienced persons will be selected to be appointed at supervisory level.

To achieve these goals, the EGA project implementation plan sets out a phased activity approach aligned under four components. The four components and the time frame for achieving them are as follows: (1) Establishment of factories (1-18 months), (2) Procurement of machinery (8-12 months), (3) Recruitment of staff (6-12 months), and (4) Management of factories.

Expected Results and Impact of EGA

The project is expected to have impact at both factory and community levels. At the factory level, successful implementation should improve DAEL's capacity to meet available and anticipated orders and overall sustainability. In turn, the additional production is expected to contribute to the GDP and GNP growth of the country.

At the community level, the project is expected to:

- Generate direct jobs for more than 1000 youths in the communities where the factories are established;
- Contribute to improved living conditions of the families in the area; and
- Empower women in the communities.

3. Evaluation Purpose and Questions

This is a mid-term performance evaluation of the EGA project from its inception through September 2012. Based on the evaluation scope of work, the purposes of the evaluation are to: 1) determine how well or poorly project components are working and why; 2) identify needed modifications, as the project moves forward; and (3) determine whether factories are operating effectively to contribute to the economy and are meeting plans and targets. The evaluation provides pertinent information and statistics that will assist USAID and DAEL to assess what is being accomplished by the EGA project. In summary, the evaluation will help all stakeholders involved with the project to better understand the initial results and contributions of the project in the communities where it is implemented.

Evaluation Questions

Based on the evaluation scope of work the evaluation was designed to address the following questions:

1. To what extent have employee incomes increased since undertaking employment?
2. How sustainable is EGA over a ten-year future in terms of human resource availability, production costs and market demand for current and potential products?
3. What is the work force dropout rate, what are the main reasons for dropout and what mitigation measures might be most valuable?
4. What other leading problems has EGA faced and what mitigation measures should it adopt or consider?
5. To what extent has EGA attained 'sustainable women's participation' and 'ethnic equitability' according to suitable definitions to be determined?

Evaluation Audience

The audience for this evaluation includes USAID/Sri Lanka, particularly the economic growth office; DAEL and managers at the factory level; and other stakeholders who are interested in the role of public private alliances in economic development and sustainability in post conflict environments.

4. Methodology

This evaluation is implemented by PPL/LER (Bureau of Policy, Planning and Learning, Office of Learning, Evaluation and Research), supporting USAID Missions in evaluating and learning from project evaluations that do not require an “external evaluator” as team leader. The evaluation was conducted by a six-person team that includes a Senior Evaluation Specialist from the Office of Learning, Evaluation and Research (LER); two DLI Foreign Service Officers who have completed one of LER’s evaluations courses; a Presidential Management Fellow (PMF) who is a monitoring and evaluation specialist at LER; and two USAID/Sri Lanka staffers with evaluation portfolios. Field work for the evaluation took place in Sri Lanka from October 22, 2012 to November 9, 2012. This section outlines the methodology used by the evaluation team in collecting and analyzing data for this evaluation.

The mixed evaluation methodology gathered and analyzed both primary and secondary data, using both quantitative and qualitative techniques. This included: (1) desk review and analysis of literature and factory records; (2) in-depth interviews with key informants; (3) focus group discussions (FGD); and (4) an employee survey. All of the data collection instruments used can be found in Appendix III and Appendix IV of this report. Brief descriptions of each of these data collection methods follow.

Review and Analysis of Literature and Factory Records

The evaluation team identified and reviewed published and unpublished literature and relevant documents on the EGA project, as well as factory employment records. Documents included the project’s cooperative agreement between USAID and DAEL and its subsequent modifications, along with project quarterly and annual reports submitted to USAID by the EGA management team.

The review included an analysis of data that has been routinely collected by the EGA and indicators on progress towards objectives and goals contained in the cooperative agreement. The desk review of documents took place over a period of 4-weeks prior to the evaluation team’s field work in Sri Lanka.

Data from these documents provided an overview of project background, implementation, and progress on indicator targets. The documents reviewed also contributed to development of data collection instruments used in the field.

During field work, factory records on employee attendance, drop-out, salary, and positions was provided to the evaluation team for review. The records consisted of Excel spreadsheets and paper documents on daily attendance of employees at each factory. These records were analyzed to determine drop-out rates, estimate the number of employees in each factory (which management cannot specify precisely because it cannot tell how many absentees at any given time have quit work permanently), compute earnings, and identify trends in daily attendance.

In-depth Interviews with Key Informants

Using a structured questionnaire including both open-ended and close-ended questions, the team conducted in-depth interviews with key informants knowledgeable about the EGA project. Interviews were conducted between October 23rd and November 7th, 2012, in Thirukkivil, Ninthavur, Maha Oya, and Colombo.

In-depth interviews were conducted with: (1) managers and supervisors at the three EGA factories, including staff responsible for human resources; (2) community leaders; (3) selected USAID/Sri Lanka staff; (4) DAEL's senior management team; and (5) selected staff of national associations and agencies for apparel, investments and exports (See Appendix I for a list of persons interviewed). Interviews were conducted face-to-face, with the support of interpreters who translated questions into Tamil in Thirukkivil and Ninthavur, and into Sinhala in Maha Oya.

The interview guides used for factory managers and supervisors included questions on the following themes: (1) equitable employment, (2) human capacity, and (3) promotion and gender. The interviews focused, among other things, on the extent to which the factories contribute to increasing economic growth and improving employee quality of life.

The interview guides used with community leaders focused primarily on how the factories are viewed in the communities, perceptions in the community on women's employment, and the extent to which the factories are contributing to economic growth in their communities. Interview themes also included recruitment patterns, retention, and impact of the project on the community.

Interviews were also conducted with selected staff of organizations that included the Sri Lanka Board of Investments (BOI), the Joint Apparel Association Forum (JAAF), the Export Development Board, and MAS Active. These interviews focused on soliciting views regarding the current state of the apparel industry in Sri Lanka and the future of the industry within the Sri Lankan economy.

Focus Group Discussions

Six focus group discussions (FGDs) were conducted at EGA-supported factories, one at each site for employees and one for the parents of employees. . The FGDs with parents at Maha Oya and Ninthavur were conducted at locations outside the factory so as to maintain the neutrality and objectivity of the responses. Due to logistical constraints, the FGD with parents in Thirukkivil took place in the factory's cafeteria, which was a separate building from the factory itself. Each FGD was conducted with a discussion guide covering a range of questions on experiences and perceptions regarding the impact of the factories on employees and their households. The FGD questions were asked by the evaluation team through an interpreter, who translated the questions into Tamil at Thirukkivil and Ninthavur and into Sinhala at Maha Oya.

The FGDs with employees covered factory impact on quality of life and work experience, including training and career development. The discussions allowed the evaluation team to explore issues such as the working relationship between supervisors and workers on the factory

floor, the future of the factory and their employment, women in the workplace, and equity within the factory.

Employee Survey

The team conducted an employee survey in factories at Thirukkivil, Ninthavur, and Maha Oya. Prior to field data collection, a list of employees in each factory was provided to the evaluation team and potential respondents were randomly selected from this list. A total of 348 respondents were selected using the Creative Research Systems sample size calculator, for a confidence interval of $\pm 5\%$. The potential respondents in this sample included 112 at Maha Oya, 69 at Ninthavur, and 167 at Thirukkivil.

However, it was discovered during site visits that daily attendance fluctuates at each factory as a result of both absenteeism and attrition. As a result, there were fewer employees at work in each factory than the sample number identified as above. The survey was therefore administered to a total of 239 employees at work on the days when the evaluation team visited factory sites. These included 92 respondents in Maha Oya, 53 in Ninthavur, and 94 in Thirukkivil.

The survey was conducted using a structured questionnaire containing 36 closed-ended questions, divided into four sections: demographic background, employment background, income and expenditure, and job satisfaction. The survey was self-administered by each employee in a group, with each question translated into Tamil for respondents in Ninthavur and Thirukkivil, and into Sinhala for respondents in Maha Oya. In Ninthavur and Thirukkivil, each question was projected on a screen and read by the translator to assembled respondents, who then selected responses from a coded sheet. In Maha Oya, a power outage on the day of the team visit made screen projection impossible, so questions were read aloud by the translator.

The survey responses were analyzed by the survey team using the Statistical Package for Social Scientists (SPSS) software. The analysis included descriptive statistics and statistical tests for significance for selected variables among the three factories.

Limitations of the Evaluation Data

The data collected for the evaluation is specific to the EGA project and cannot be generalized to all PPAs undertaken by USAID/Sri Lanka. However, the data do illuminate the experience of a PPA implemented in a post-conflict environment. While we attempted to conduct interviews with non-EGA respondents, many did not have much idea about the project and could not make substantive contributions to our data collection effort. So the data collection focused on stakeholders familiar with and benefiting from the EGA.

5. Findings

The evaluation findings reported in this section draw on data collected through the literature review, in-depth interviews, FGD, and survey of employees. Findings are presented in three sections: development of the factories and production, employment, and cross-cutting issues.

Each of these sections includes analysis of the data collected, with a focus on the performance of the project to date, and the evaluation questions that can be answered with the data available.

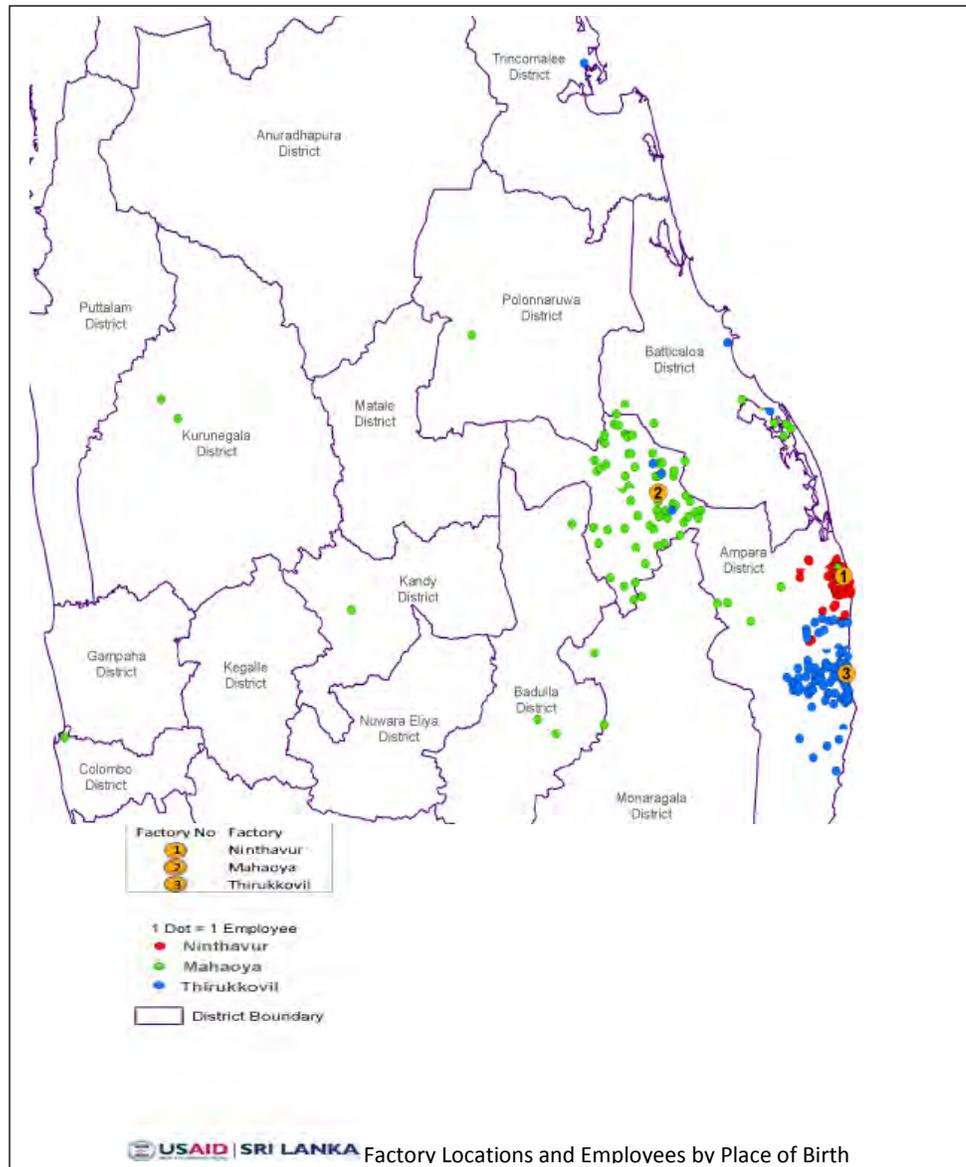
Development of Factories and Production

As indicated earlier, Goal 1 of the EGA project has four objectives pertaining to construction and production of EGA factories. Using data collected through document reviews, in-depth interviews, and FGDs, this section analyzes EGA’s performance over the last two years on the process of constructing factories and the development of its production.

Construction and Location of Factories

In the March 2010 cooperative agreement, Objective 1.1 of the project goals and objectives required that “by the end of the first year, procurement of land, construction of the buildings, selection of staff, and

installation of machines will be completed.” This objective was, however, not achieved at the end of the first year. The project faced challenges in acquiring land on which the factories could be built. In January, 2011, almost a year after the cooperative agreement was signed, DAEL sent a memo to USAID requesting changes in both site location and implementation plan under the cooperative agreement. This followed a previous change to the original cooperative agreement authorizing EGA to establish factories in



four locations so as to achieve ethnic diversity, one of the aims of the project. DAEL’s January 2011 memo stated that “we have obtained approval to setup four garment factories under the Eastern Garment Alliance project, but due to non-availability of suitable lands in Padiyathalawa and Nawathanweli we have decided to set up factories as follows.” The proposed locations are the three locations in which the factories are currently located.

With these delays in acquiring land, the Ninthavur factory started operations only in September 2011. This facility resides on leased land in a converted movie theater. Land was meanwhile bought in Maha Oya, where the newly-constructed factory building opened in May 2012. Other required buildings, such as a canteen and training center, are currently under construction and are expected to be completed by March 2013. Land was also bought in Thirukkivil. With the building for the stitching area and for the recreation activities completed, the factory opened in September 2012. Further construction will be completed by March 2013. Evidence from in-depth interviews with USAID staff suggested that land acquisition for turnkey construction has resulted in the delay of other projects supported by the Mission under its PPA portfolio.

According to the EGA Project Director, the estimated cost of the three factories is \$1.48 million. In Ninthavur, the factory has three machine lines. In Maha Oya, there are seven and in Thirukkivil ten. However, challenges with electricity supply at each site have prevented some lines from being put into operation. In Ninthavur, only one out of the three lines was functional at the time the evaluation team visited. A total of 199 machines have been purchased using USAID funds, with a cost estimated at SLR 65,000,000.

Interviews indicated that the communities had worked closely with EGA on site selection at all locations. A Ninthavur community leader indicated that the United National Party (UNP) had urged DAEL to build a factory in the area so as to create jobs for young people. Now that the factory has been established, he felt that the factory had been a good idea, because “people got jobs that they might not have got.”

Similar sentiments were expressed in Maha Oya by a community leader who indicated that even though he and the Chairman of DAEL are not in the same political party, the construction of the factory in Maha Oya was a good idea. In his words, “the factory being here is a good thing. It helps the village. It is good to recognize that the girls are now employed.” Another Maha Oya community leader said that, “We have been asking DAEL for a factory, now our dreams have been realized. Girls go to Colombo to work; now they stay home.”

Factory Location	Total Population	% Sinhalese	% SL Tamil	% SL Muslims
Ninthavur	25,652	0	4	95.5
Thirukkivil	24,972	0.1	99.8	0
Maha Oya	17,801	99.7	0.1	0.2

Source: Department Census and Statistics, 2007, Basic Population Information for Ampara District

Factories have been established at locations with homogenous ethnic compositions. Table 1, shows that, in Ninthavur 95.5% of the population are Sri Lankan Muslims, in Thirukkivil 99.8% are Sri Lanka Tamils, and in Maha Oya 99.7% are Sinhalese. The original cooperative agreement envisioned one factory with all major ethnic groups represented in the labor pool. As implemented, the three factories provided employment for ethnic groups predominant in their respective localities. Workers come primarily from villages and towns near the factory sites. This means that the factories are successfully providing opportunities for residents rather than migrants.

As illustrated in the map above, results of the survey of employees indicated that there is in Ninthavur and Thirukkivil a stronger clustering of employee birthplaces near the factory, compared with Maha Oya, where birthplaces are more dispersed. Nevertheless, the map illustrates that at all three sites the factories are creating jobs for workers born in nearby villages.

Factory Production

Under the cooperative agreement, Objectives 1.2 through 1.4 address production outputs expected of EGA. These objectives are as follows:

Objective 1.2: During the latter part of the first year additional orders will be negotiated for supply during the second year while transferring excess quantities of orders meant for outsourcing to the new factory;

Objective 1.3: Operation of the factory will commence at the beginning of the second year and by the end of the second year at least 75% of the annual expected production will be achieved;

Objective 1.4: From third year onwards factory will be operating at its full capacity and level of production will not be less than 2,400,000 pieces, with an annual turnover above US \$15,600,000 (SLR 1778 ml @ US\$ 1 SLR 114).

At the time of the evaluation, the three factories were far from achieving the production targets set out in the cooperative agreement. Under Objective 1.4 above, it was expected that annual production capacity of the single factory with 20 lines would be more than 2,400,000 pieces and that annual turnover would be above US \$ 15,600,000 (SLR 1778 million @ US\$ 1 = SLR 114).

Efficiency is calculated as (*production units ÷ work units*). Production units = number of garments manufactured; and work units = number of minutes the operator takes to complete the task. At present the Ninthavur and Thirukkivil factories are 25% below target level, and at Maha Oya more that 30% below target level.

The reason for low production levels, according to EGA management team, is that most employees are in training and that lack of skilled operators has affected productivity. However,

as workers become more confident in the operations, efficiency and production are expected to rise.

Beyond the issue of employee skill levels, the evaluation found the factories not fully functional. Only six out of 20 established machine lines were in use. In Ninthavur, only one of three lines was functional when the evaluation team visited. In Thirukkovil, only three of ten lines were functional, and in Maha Oya only three of seven, with one consigned exclusively to training. In Thirukkovil and Maha Oya, low production stems partly from the fact that existing electrical transformers, installed for residential purposes, cannot support industrial activities. Delivery of industrial transformers by the Ceylon Electricity Board is pending and expected soon. Delivery will alleviate production bottlenecks. Both management and workers expressed frustration that the process is taking longer than they expected.

In relation to production, the evaluation also set out to answer the question, *how sustainable is EGA over a ten-year future in terms of human resource availability, production costs, and market demand for current and potential products?* Answering this question requires a broader look at the apparel industry in Sri Lanka. As mentioned earlier, one factor affecting production within the industry is competition posed by countries with lower labor costs, such as Vietnam, Bangladesh and potentially Burma. However, in Sri Lanka, emphasis will continue to be placed on quality as a way of attracting new customers.

EGA factories are currently fully booked, and because these are start-ups with less experienced workers, there has been emphasis on “low quality brands.” Also, according to DAEL management, some brands which left for the low cost labor markets are returning to Sri Lanka. It does not see any of its factories closing down in the near future because of production issues. This point was underlined by the following statement, “We have been in this trade for more than 20 years. We know well about the trade and if it is not sustainable we would not have taken a decision to invest more than \$2.13 million.”

Employment Creation

The second goal of EGA is “To enhance social and economic condition of the people in the Ampara District by increasing their income by generating jobs.” Associated with this goal are two objectives, as follows:

Objective 2.1: During the first year, a considerable number of indirect jobs will be created in construction field until the factory is completely built.

Objective 2.2: During the third quarter of the first year 900 machine operators and 100 work assistants (e.g. production assistants, and quality control assistants), will be selected and they will be sent for training by batches. In addition 72 experienced persons will be selected to be appointed at supervisory level.

Two questions addressed by the evaluation deal with employment issues. The first is: *To what extent have employee incomes increased since undertaking employment?* The second is: *What*

is the workforce dropout rate, what are the main reasons for dropout, and what mitigation measures might be most valuable? These questions are addressed in this section. Findings draw heavily on the employee survey, in-depth interviews, and FGDs.

Indirect Employment

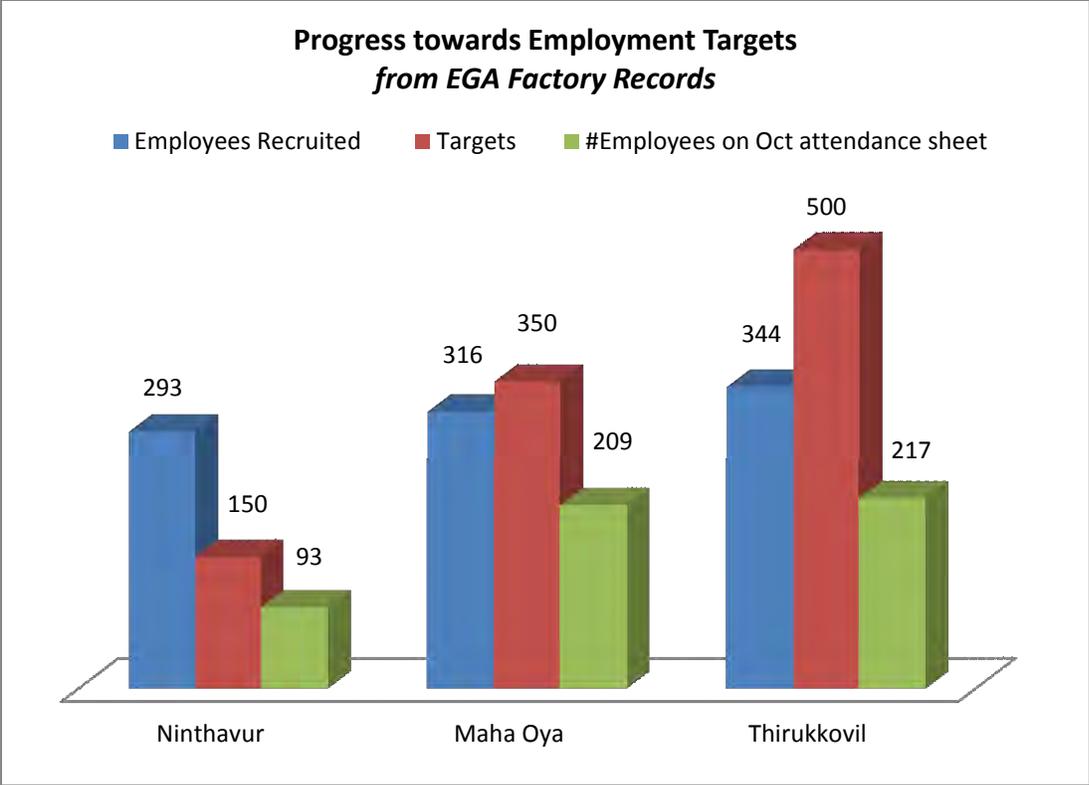
Under EGA, new factories have been constructed in Thirukkivil and Mahoya. These facilities have been constructed by Daya Constructions (Pvt) Ltd. The company employs approximately 1,000 personnel, but the evaluation team was not able to get an exact number for indirect jobs produced by construction of the two factories. However, it was indicated that local labor was sourced for both factories.

Indirect jobs created are calculated by DAEL management, which estimates that for every job created by EGA an additional 1.8 indirect jobs are created within DAEL itself. In support of primarily sewing jobs at the three EGA factories, DAEL hires additional workers in operations elsewhere for cutting, stitching, washing, and packaging. According to a questionnaire response from DAEL management, an expansion of about 96,000 sq. ft. is in progress at the main DAEL factory in Ampara to accommodate more than 500 jobs. In addition the company is investing in a new washing plant which will double capacity and require additional workers.

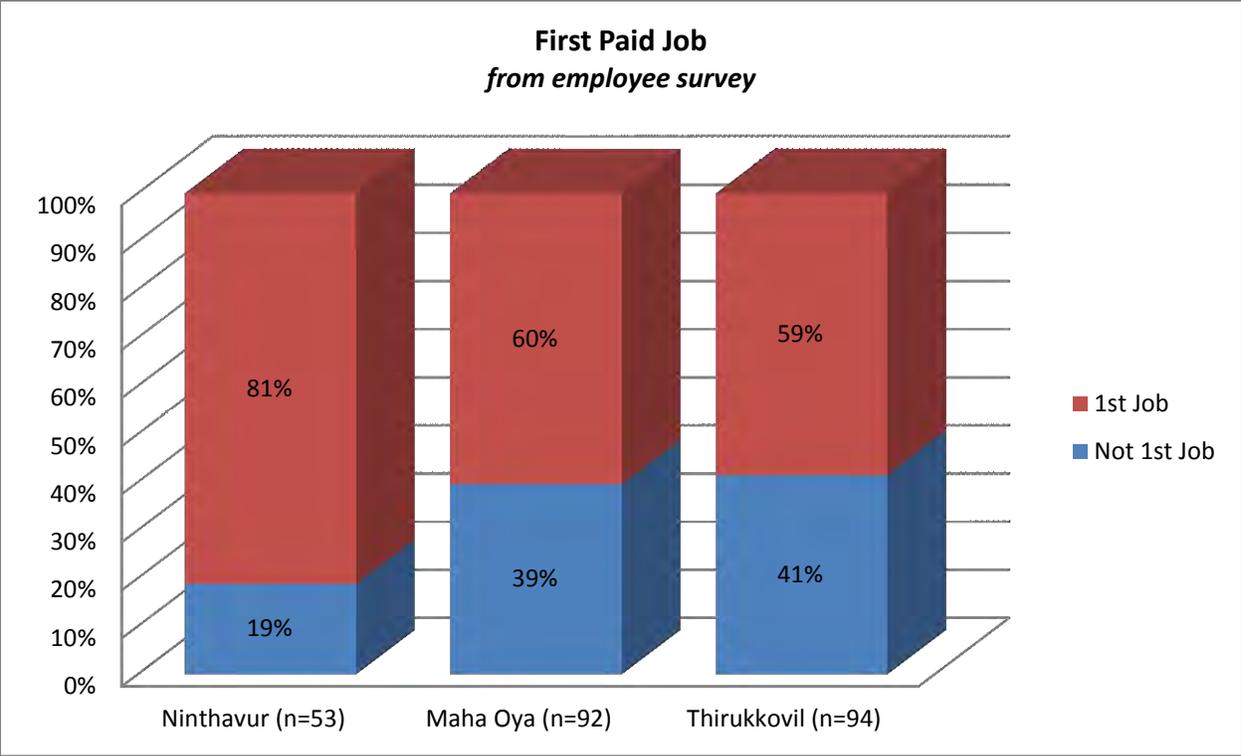
Direct Employment

To achieve Objective 2.2 outlined above, EGA targeted directly creating 1,000 jobs in Ampara District, primarily as sewing machine operators. Additional direct jobs include factory managers, supervisors, line leaders, production assistants, production managers, quality control assistants, and operation managers.

The graph below shows progress towards achieving the target of 1,000 jobs, based on review of recruitment records and October attendance records. In Ninthavur, the target is to employ 150 workers. To date a total of 293 people had been recruited, but October records show only 93 workers on the attendance sheet. In Maha Oya, the target is to recruit 350 workers, but only 209 were on the October attendance sheet. In Thirukkivil, the goal is to hire 500 workers, but only 217 were in attendance during October. Based on the above, we estimate that, only 519 or slightly more than half (52%) of the targeted 1,000 jobs have been created as of October 2012.



For the majority of employees, EGA employment was the first paid job. In Ninthavur, 81% of surveyed employees reported that it was their first paid job. In Maha Oya, and Thirukkivil, 60% and 59% respectively so reported.



Findings reported in this section draw on the employee survey, FGDs with sub-managerial workers and employee parents, and in-depth interviews with managers and supervisors.

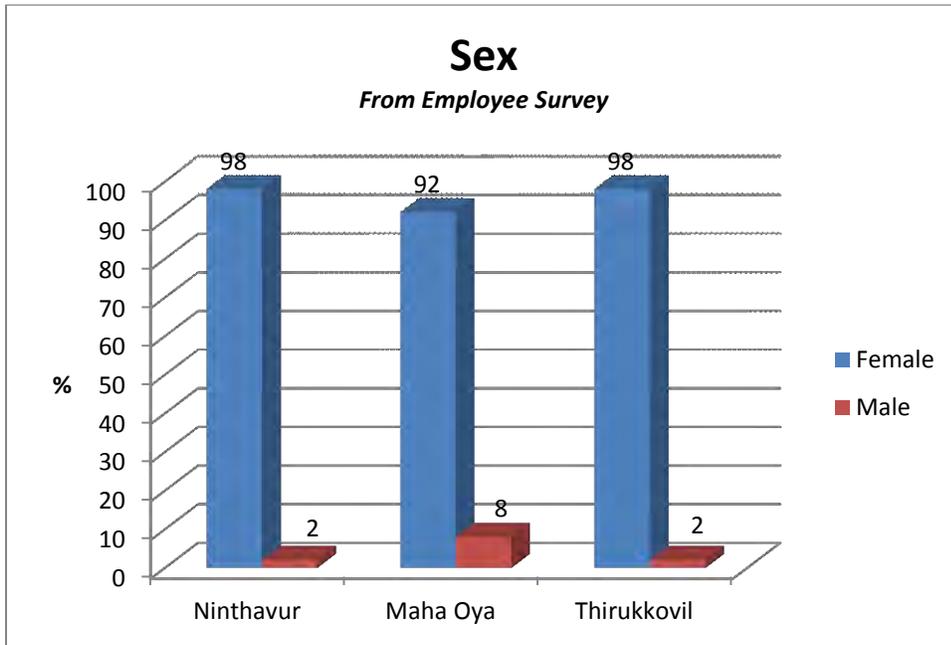
Demographic Characteristics of Employees

Data for this section is drawn primarily from the employee survey. The survey utilized a structured questionnaire with an eight-question section on demographic background covering sex, year and place of birth, ethnicity, religious affiliation, marital status, education, and living arrangement.

This survey data is representative of sub-supervisory employees, because virtually everyone at work when the survey was conducted participated. There were a total of 239 respondents, 53 in Ninthavur, 94 in Thirukkovil, and 92 in Maha Oya.

Sex of Employees

Most factory workers are female. Only three stakeholders, when asked to describe the characteristics of factory workers, mentioned this. Attachment B of the cooperative agreement executive summary says “the majority of employment will be for women and young men”. As demonstrated by the graph below, over 90% of employees in the three factories are females. There was no statistical significant difference among the three factories.



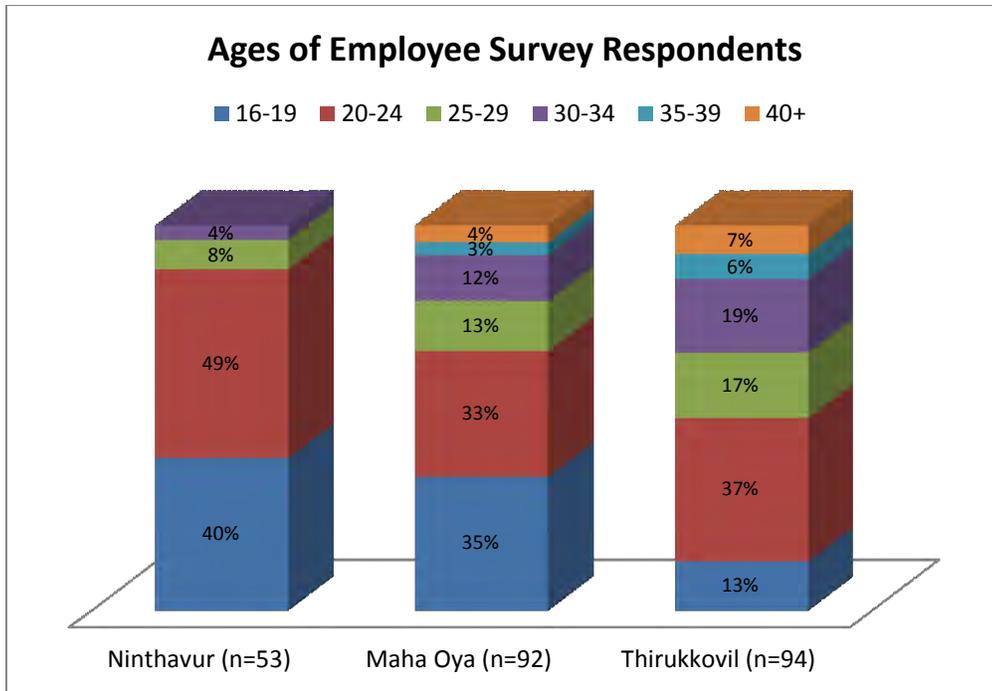
The EGA project is therefore fulfilling the cooperative agreement expectation that, “the majority of employment will be for women and young men.” Although there are few males, stakeholders familiar with the apparel industry consistently indicated that females were more likely to be attracted to this industry than males.

Age

The average age of surveyed factory workers is 24. The factory at Ninthavur has the youngest employees with an average age of 21 years and 89% between 16 and 24.

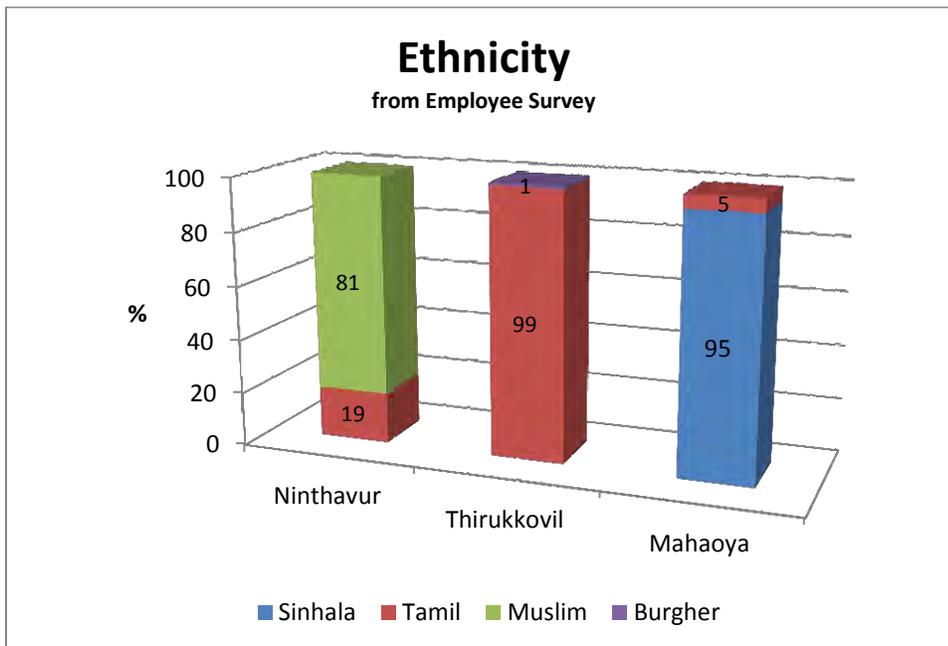
In Maha Oya, the average age is 24. The workforce at this factory is slightly older than at Ninthavur. About two-thirds of those surveyed are between 16 and 24, with the remaining third older than 24.

The work force at the Thirukkovil factory is much older, with an average age of 27. Only half are between 16 and 24. The other half are above 24, of which about a third are 30 or older.



Ethnicity

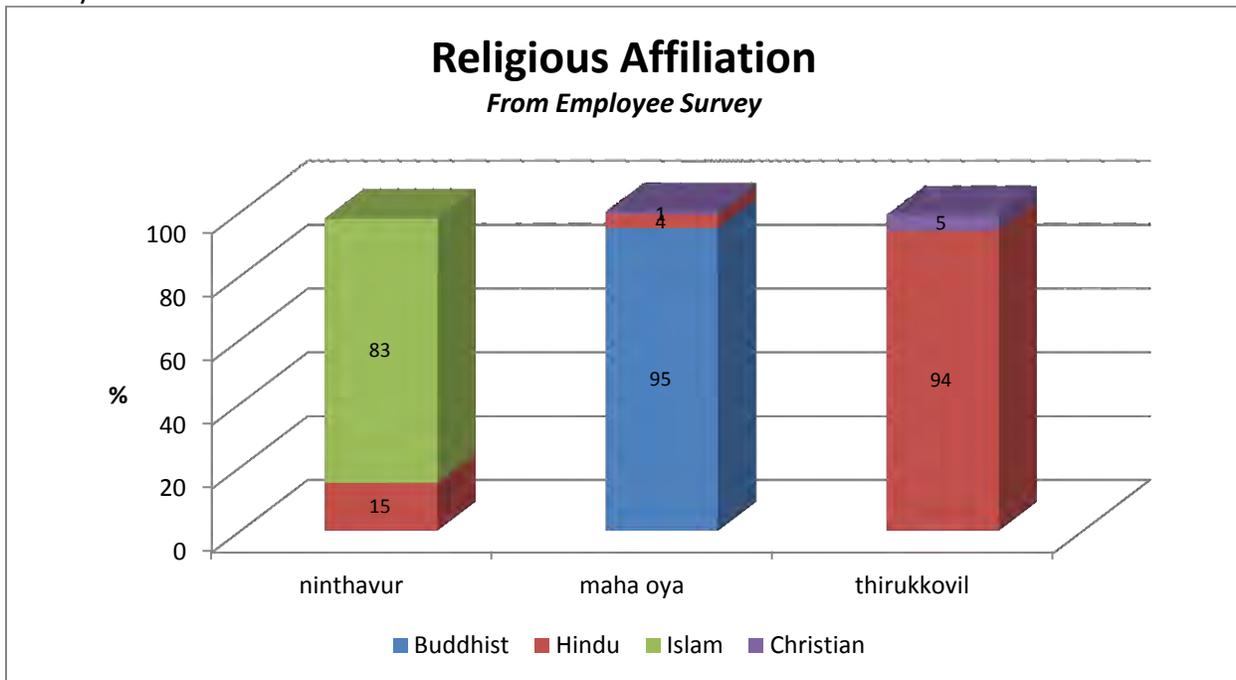
The ethnic profile of employees in each of the factories closely tracked the homogenous ethnic composition of its location. Comparison of the survey data with 2007 census data shows a very strong parallel.



For example, in Ninthavur, according to the census, 96% of the population is Muslim, and at the factory, as is shown in the graph, 81% are Muslims. Similarly, in Thirukkivil, there are 99% Tamils working in the factory, which is similar to the population composition of the town, also 99% Tamil.

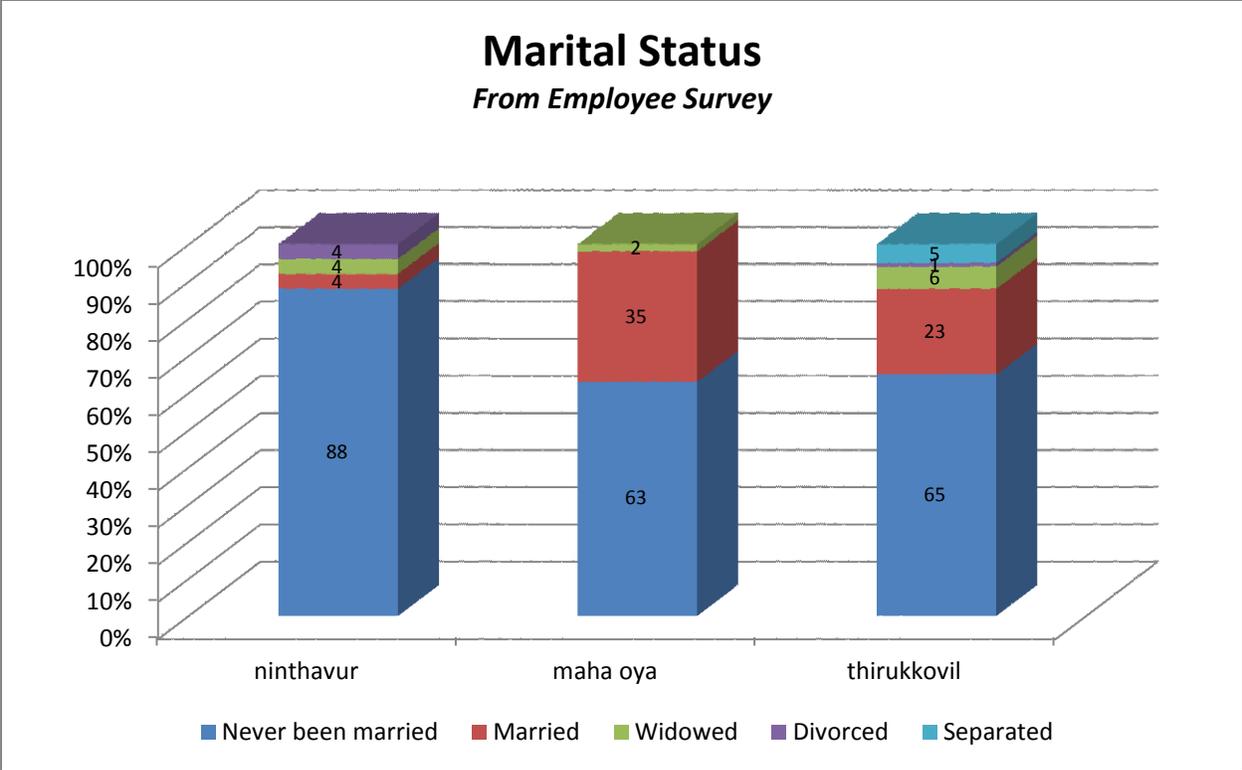
Religious Affiliation

The religious affiliation of workers in each factory reflects the dominant religion in its locality. In Ninthavur, 83% are Muslim. In Maha Oya, the dominant affiliation (95%) is Buddhist, and in Thirukkivil it is Hindu (94%). The graph below shows religious affiliations based on the employee survey:



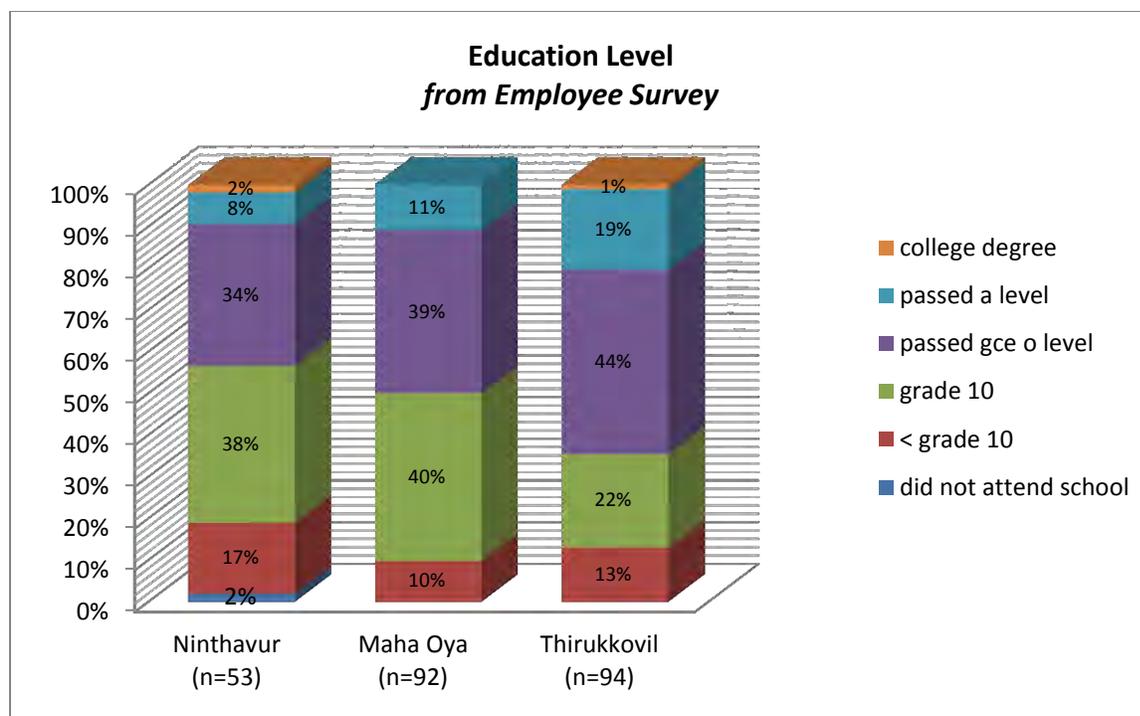
Marital Status

Over two-thirds (69%) of employee respondents have never been married. Employees in Ninthavur were the most likely to be never-married (88%), while employees in Maha Oya were the most likely to be married (35%). In general, most of the project's jobs are reaching non-married women.



Education

The workforce is at a high educational level. There were no statistically significant differences among the three factories in education levels. However, workers in Thirukkivil were most likely to have passed the General Certificate of Education (GCE) O-Levels (44%), or the GCE A-Level (19%). This is closely followed by the workers in Maha Oya, with GCE O-Levels at 39% and GCE A-Levels at 11%. In Ninthavur, there was a slightly lower proportion of workers who have passed the GCE O-Levels (34%), or the GCE A-Levels (8%). The EGA factories hire workers in a range of educational levels, from those who have completed 8th grade to those who have completed O levels and beyond. Machine operators tend to be less educated than supervisors (e.g. managers and line leaders).



Living Arrangement

The majority (91%) of employees live in their 'own house.' In-depth interview and FGDs with parents indicate that this generally means living with parents at parents' houses. In Maha Oya, 99% live in their 'own house', in Thirukkovil 95%, and in Ninthavur 72%.

Characteristics of Jobs Created/Opportunities for Career Growth

Most jobs created through the EGA project are sewing machine operator positions, in consonance with the cooperative agreement. Of the total 239 employees surveyed, 74.9% are machine operators (MOs). These include 68.1%, 75.0%, and 86.8% for Thirukkovil, Maha Oya, and Ninthavur, respectively.

Factory records show that the remaining jobs vary from production-related work to supervisory/managerial positions. Aside from MOs, production-related jobs include positions such as cutters, ironers, quality controllers, and helpers. Supervisory and management positions created include line leaders, supervisors, production assistants, and office clerks/management trainees. Other positions created include support and janitorial staff, security guards, mechanics, cleaners, and laborers. Senior management positions, such as production managers and factory managers, were all filled by existing DAEL staff from the Ampara factory. This also comports with the cooperative agreement.

While most jobs generated by EGA are low-paying and entry level, factory management and supervisory staff stressed that promotion opportunities were available for those who do high-

quality work, show leadership, have good attendance, and acquire experience. These claims generally align with factory salary records and employee rosters, which show added allowances and incentives for increasing grades of MOs past the training period. For factory floor staff other than MOs, promotion opportunities could not be ascertained from salary records.

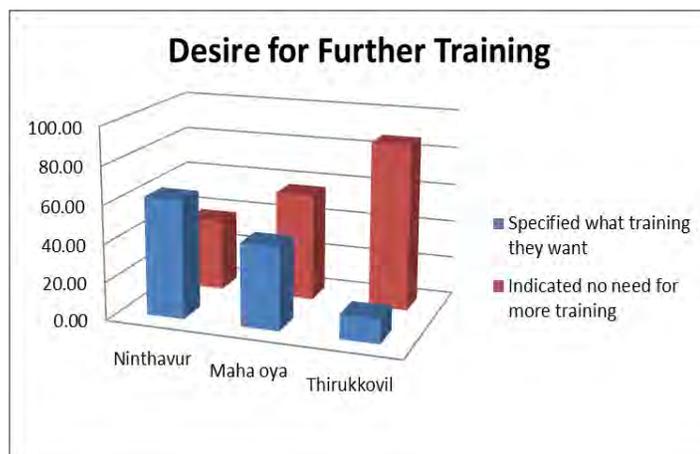
Supervisory and managerial staffers were mostly hired directly into their positions. A few interviewees reported that some line leaders had been promoted from the factory floor. Since the factories under EGA have not long been operational, there was insufficient data to ascertain opportunities for staff promotion into management. Interviewees with previous experience at the Ampara factory reported that promotion opportunities were available within the company.

Promotion policy, though not completely formalized, appears consistent across the factories and is in line with DAEL management statements. Actual implementation and systematic application of the policy, however, remain unclear. Management acknowledged in interviews that this is an area where they hope to improve, particularly after all factories become fully operational in March 2013.

Skills Development (Training)

A required deliverable specified in the cooperative agreement was that all employees would receive minimum training of three months. The cooperative agreement did not specify the topics or format of training. The model implemented thus far at all three EGA factories is a three-month period for all MOs, consisting of one to four weeks of preparatory instruction, followed by hands-on production line training. Line leaders, supervisors, and production assistants at all three factories spoke about ongoing skills development. Employees who demonstrate skill at a particular task are moved to the next level of difficulty and employees are encouraged to learn new skills.

Employees capable of leadership positions (i.e. line leader or supervisor), attend an additional month of training at Ampara specifically for leadership skills development. Given the short length of time that EGA factories have been open, very few have been promoted to leadership and received this further training. The hands-on training model relies on highly-experienced managers and supervisors present at all three



factories. All factory and production managers have years of experience in the apparel industry, some with various companies and some in various countries.

DAEL management indicated that further training will be introduced for all employees to improve “soft skills” such as professionalism and computer skills. Parents, community leaders and factory supervisors all expressed a desire for further employee training. In the employee survey, 37% listed a specific type of further training that would be useful.

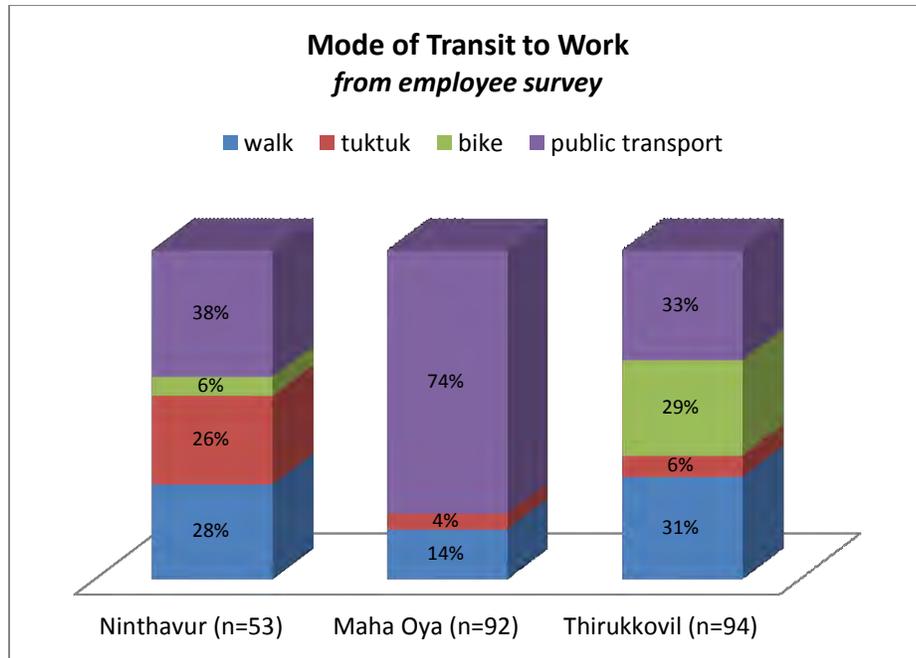
In line with practices at DAEL’s Ampara factory and starting in March, all employees are slated to receive the Building of Employable Soft Skills and Talent (BEST), designed to improve professionalism and increase loyalty. Since many of the employees have not previously had formal jobs, BEST teaches them work ethic, courtesy, teamwork, self-discipline and self-confidence, conformity to prevailing norms (e.g. how to dress, tone of voice, grooming, etc.), language proficiency, leadership, problem solving, and decision making. Trainers at the Ampara factory noted that retention has improved since the introduction of this training. Implementing BEST has been delayed while training facilities are being completed at the Maha Oya and Thirukkivil factories. Due to unavailability of land, there are no plans for a training facility in the Ninthavur factory. Nearly 60% of surveyed employees at Ninthavur specifically requested further training, while less than 40% and 20% requested further training at Maha Oya and Thirukkivil respectively—as represented in the graph above

Travel to Work

Travel to work is an important aspect of the day for all employees. Data for this section stems from the employee survey, from FGDs with employees and parents, and from in-depth interviews with community leaders. Transportation was frequently mentioned as a major issue at all three sites, particularly regarding cost.

Survey results indicate that average spending on transportation is SLR 770 per paycheck. The sites vary in cost. In Ninthavur, average cost is Rs. 912 per paycheck. Employees there typically commute by public transport (38%), walking (29%), hired tuktuk¹³ (27%), or bike (6%). In Maha Oya, the average transport cost is SLR 917, slightly higher than that of Ninthavur. In Maha Oya, 75% indicate commuting by public transportation. The rest walk (14%) or use tuktuks (4%). The lowest average transport cost is in Thirukkivil, at SLR 506. Lower costs may reflect the fact that some 31% walk, and 29% bike, which together, is almost two-thirds of the employees. The rest use public transportation (33%) or tuktuk (6%).

¹³ It is a motorized version of the traditional pulled rickshaw or cycle rickshaw used as a vehicle for hire.

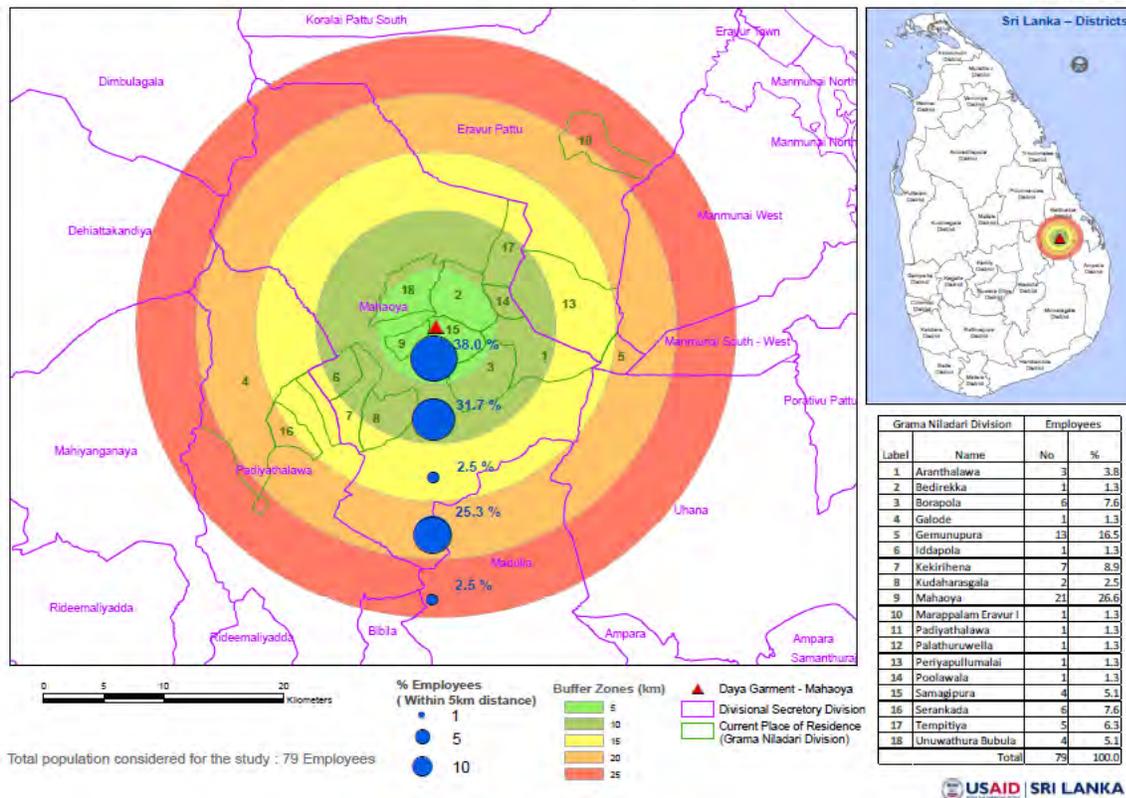


Commute Times

According to DAEL management, most employees commute from between 10-25 km away (Ninthavur = 10 km, Maha Oya = 20 km, and Thirukkovil = 20 – 25 km). However, according to several parents during FGDs, some employees start their day as early as 4:00 am because of the time it takes to get to work. Most need to prepare lunch to take along. Many also return late in the evening due to poor transportation options. Public transit is not, of course, door-to-door. Employees must walk to and from stations.

There are many differing opinions about employee commute times. One supervisor in Thirukkovil estimated that employees come from as far away as 40 km. In Ninthavur, supervisors estimated that employees commute between 10 and 15 km, while one Ninthavur community leader said that employees come from 7-10 km away.

Employees by Current Place of Residence And Travel Distance



For Maha Oya, GIS mapping confirms that most employees commute less than 25 km (see map above). Out of 92 surveys of current staff, 79 provided usable data for the mapping exercise illustrated above. The data shows that over a third (38%) of employees commute five kilometers or less, a majority (69.7%) ten kilometers or less and about a third (30.3%) more than ten kilometers. Unfortunately, residence data for Thirukkivil and Ninthavur was not collected, so we could not make the comparison across the three factories. However, it is safe to say that the DAEL estimates of commute times are fairly accurate.

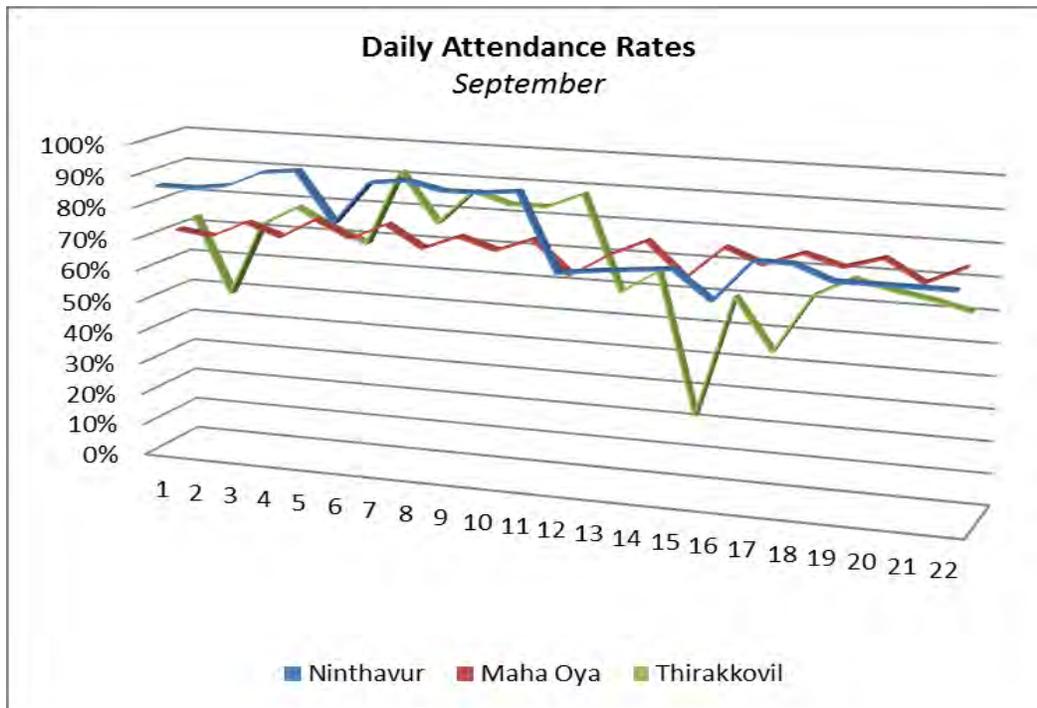
Several parents in Ninthavur expressed reservations with the transportation system, specifically because workers wind up walking home after dark. A previous manager allowed staff to leave at 4:30 pm but the current manager has extended the work day until 5:30 pm, which aggravates the issue. In Maha Oya, many employees who live more than five kilometers from the factory worry every day about missing their 6:00 pm bus, which means an hour's wait for the next one. Parents of employees are widely concerned that their children leave home early and return late.

Employee Attendance

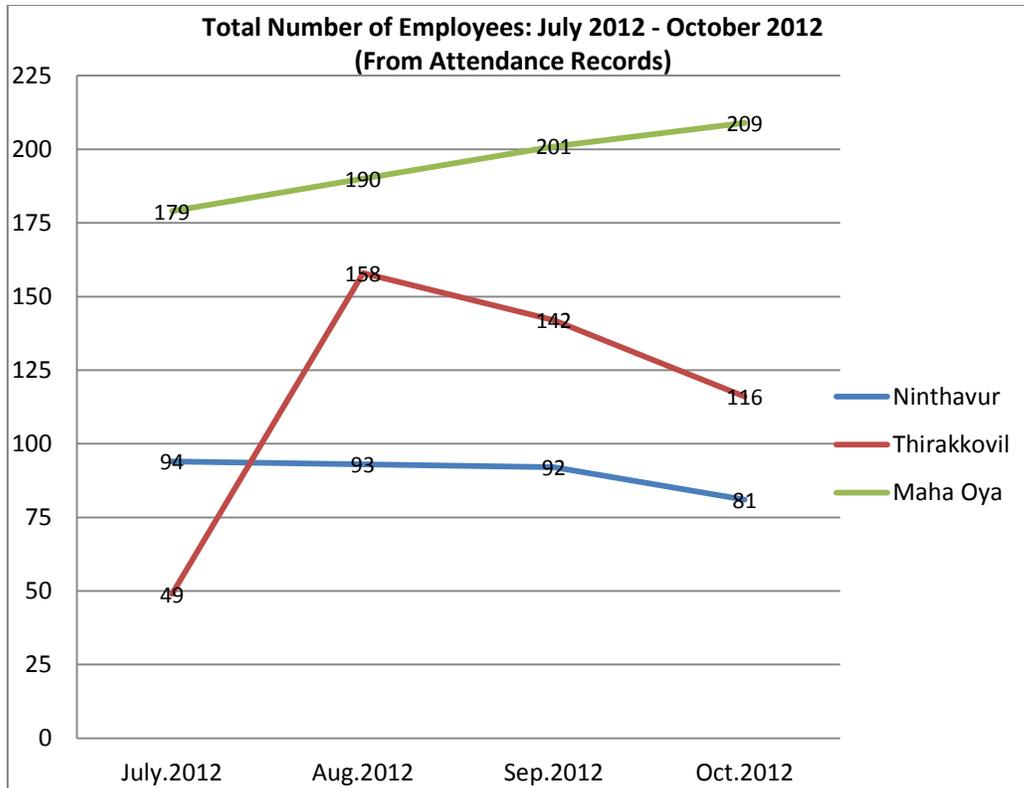
Attendance is taken daily in order to calculate production targets. Reliable attendance is important for fulfilling orders on time. Attendance sheets are prepared monthly and list only employees expected to attend work that month. Employees with irregular attendance the

month before are contacted if possible and dropped from the sheets unless they indicate intention to return.

The graph below shows recorded daily attendance at EGA factories during September, 2012. While interviews with management indicated 5-10% absenteeism, attendance sheets indicated rates at least double. The second graph represents fluctuation over the past four months in numbers of employees listed on attendance sheets.



Maha Oya had the most consistently predictable attendance; this is likely due to provision of transport for workers. Furthermore, the Maha Oya management team was the most consistent in emphasizing and encouraging employee loyalty. It outlined in detail steps taken to ensure regular attendance—such as building trust so that employees will inform management of potential issues or absences. Maha Oya managers mentioned that making personal phone calls to absent employees is a large portion (1-2 hours) of the production manager’s daily work. Maha Oya was also the only factory to have consistently increased employment over the past four months, at an average monthly rate of 5%.



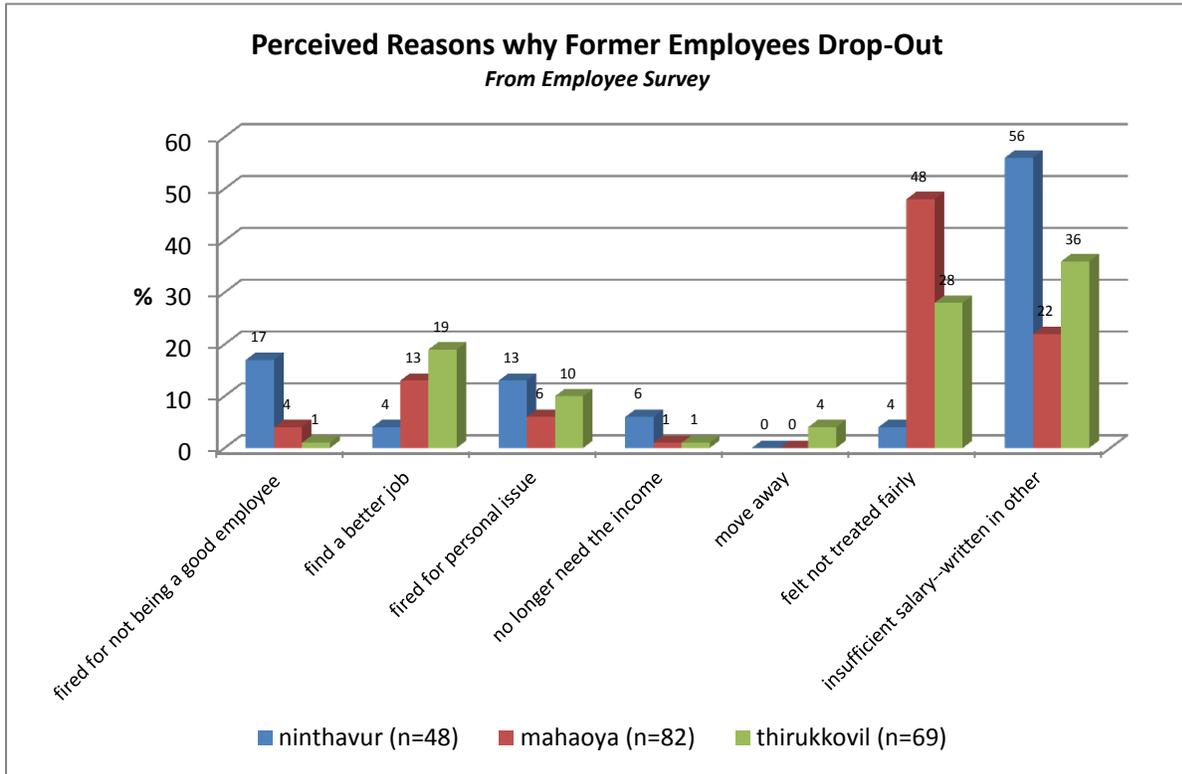
Thirukkovil shows erratic and unpredictable attendance as well as the highest average monthly net employment loss--a 15% decrease over the last four months. In FGDs, both parents and workers indicated that irregular attendance is largely a matter of transport and food. Some workers wake up as early as 3:00 am to prepare meals and reach the bus on time. All Thirukkovil focus groups and in-depth interviews linked absenteeism to transport challenges.

Ninthavur began in September with the highest and most regular attendance of all three, but saw a significant drop-off halfway through the month. This could be linked to materials shortages at the factory, an item mentioned by community leaders, parents, workers and some management personnel. Employees who show up for work when there are not enough production materials are sent home without pay. This may lead them to skip attendance on ensuing days so as not to waste time and futile effort. Ninthavur does now have a nearly stable total number of employees, with a net loss fewer than 10 per month over the last four months. Ninthavur has been in operation longer than the other two EGA factories. As explained by EGA management, the workforce in a new garment factory tends to stabilize after approximately eight to twelve months of operation. This may be what is reflected in Ninthavur's employment trend.

Dropout and Retention

Retention of good and experienced workers is a major challenge raised by managers in all three factories as well as DAEL central managers. Prevalent generally in the apparel sector, high

turnover may be EGA’s biggest management headache. Employees are well aware of high turnover. In the employee survey, employees in Ninthavur report knowing the highest number of dropouts (30), Thirukkivil employees report knowing 17, and Maha Oya employees report 11. Nearly a third of employees who speculated on reasons for quitting cited unfair treatment.



Though reasons offered for why people might have quit their EGA jobs are diverse and vary in frequency among the factories, common grievances causing attrition can be identified. When perceived drop-out reasons are cross-referenced with job satisfaction survey data, it appears that there is ongoing dissatisfaction with wages.

Survey results on job satisfaction reveal significant concern over wages and physical work environment. Across all factories, employees are very content with their work (93%), their work schedules (95%), the physical location of the factory (93%), and how management treats them (82%). However, employees are somewhat less satisfied with their physical work environment (only 76%). Employees are overwhelmingly dissatisfied with their wages: 95% say that they are “not satisfied.” Given opportunity to write-in an “other” issue of dissatisfaction, employees offered the following in order of frequency: no food/tea provided to employees, no transport provided, salary too low, the company does not provide pay slips to employees, and other.

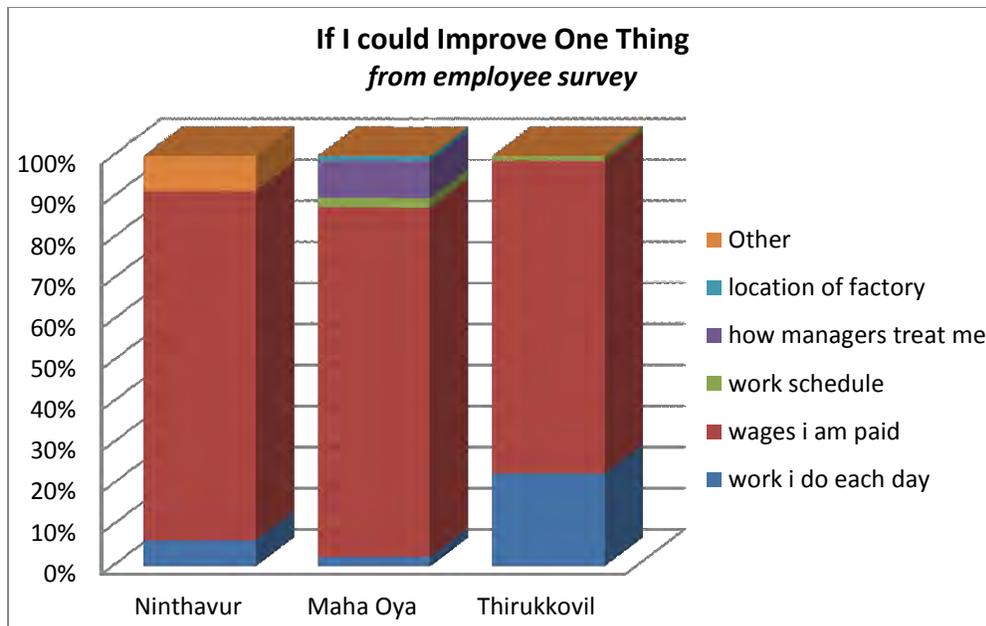
Employee wages and incentives

Interviews and FGDs with various stakeholders provide further evidence that perceived “low wages” may be the largest grievance of dropouts. The two most frequently offered reasons for co-worker drop out are wages (23.5%) and transportation (22%). Respondents refer to higher salaries purportedly paid in larger factories and more developed areas (e.g. Colombo and Ampara). Some workers may conclude that their time is worth more than their take-home salary. Educated workers (A-level qualified and above) may aim for better, higher-paying employment, biding time at the apparel factory while waiting for opportunities. Relative to wages at larger factories, EGA workers feel underpaid. They also feel that wages are not keeping pace with rising living costs.

Complaints about transport range from dissatisfaction with cost to complaints about dependability. Many compared the high cost to the salary earned. As previously mentioned, 93% of respondents are “satisfied” with factory location, despite complaints about transport costs. Therefore, it appears that employees see a remedy not in factory re-location, but in subsidized transport. As one factory-level manager puts it: “Salary is low compared to other factories and also, other factories provide breakfast, lunch and transport.” This reflects widespread sentiment from all stakeholder categories.

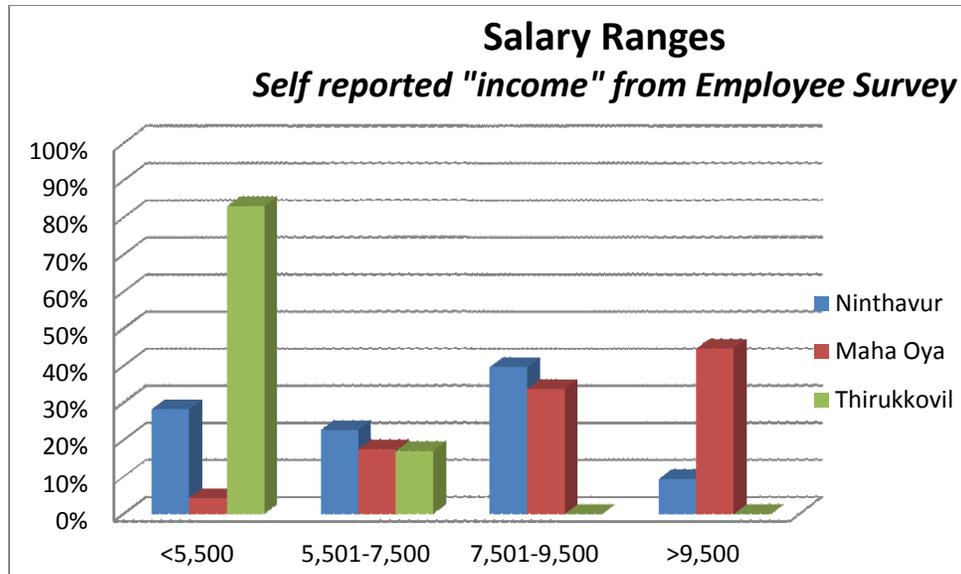
Wages

Low salary is perceived as a cause of high dropout, particularly during training when it comes to only SLR 5830 per month (assuming perfect attendance and no overtime.) Community leaders and parents indicated that the salaries are not keeping pace with inflation. Many examples were cited of employees departing after partial training either for factory work in Colombo with higher salaries or for home tailoring which can bring in up to SLR. 10,000 per month. Though managers have much higher salaries (production assistants: SLR 20,000-25,000; production managers: SLR 50,000; and factory managers: Rs. 100,000), they have not received regular raises (one indicated no raise in eight years of working for DAEL.) Sources at all levels compared their compensation unfavorably to salaries and benefits at other garment firms and at the central DAEL facility in Ampara. Comparison-based disappointment was a central theme of wage dissatisfaction.



Currently, many MOs still receive the training salary set for the first three to six months. After 'graduating' from the training rate, MOs go up to Rs. 7,950 per month and above based on experience and capabilities, with bonuses based on performance. The Ampara factory specifies wage increases according to skill acquisition and experience. This has not yet been formally implemented in EGA factories.

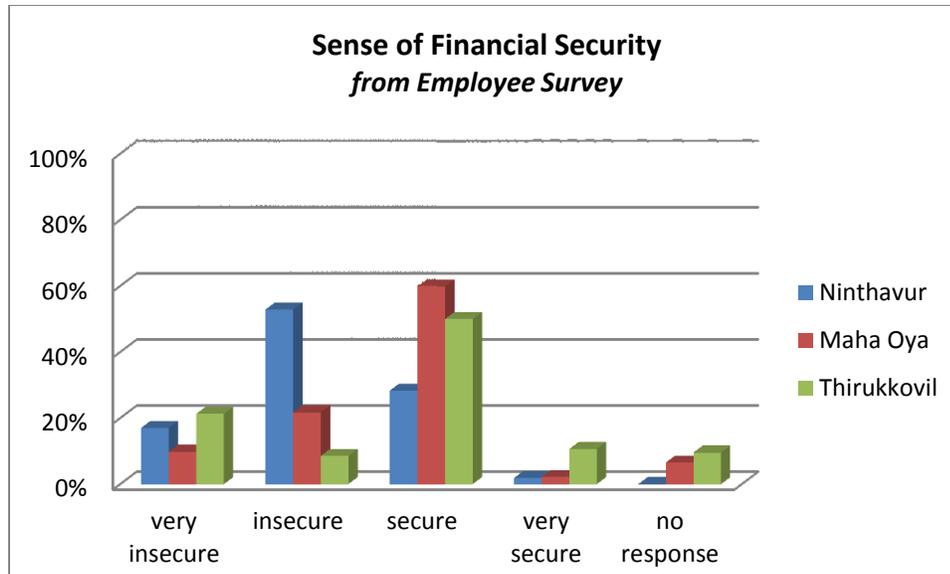
In the absence of a uniform system, EGA wage increases are decided by factory managers after consultation with production managers, production assistants, and supervisors. The result is that wage rates are inconsistent. The employee survey found no statistically significant correlation between education, experience or longevity with DAEL and self-reported income at EGA factories. Management indicated awareness of this issue and plans to introduce the systematic wage increase model in EGA factories by March 2013.



Salary discontent is likely linked to the rising costs of living in Sri Lanka. Non-DAEL stakeholders at JAAF and BOI reported that SLR 7,950 is the minimum monthly wage for apparel industry workers, country-wide. They favor an increase to SLR 10,000 since no one can hire a trained worker at the current minimum wage anyway, a standard MO salary being SLR 12,000. Though lower salaries are to be expected in the East and North due to limited access and development, this picture is changing.

Labor bargaining power has increased in recent years as improved infrastructure increases access and facilitates mobility. Expectations for higher wages, as JAAF and BOI sources noted, must be tempered by global market pressure to keep production costs low. The European Union GSP+ has reported that Sri Lankan garment factories enjoy one of the highest minimum wages in the global industry.

Despite wage dissatisfaction, a majority of employees at Thirukkovil and Maha Oya expressed feeling financially secure or very secure. On the other hand, over half the employees at Ninthavur feel insecure or very insecure. We do not know why there is this difference between Ninthavur and the other locations.



Other incentives: transportation, meals, and performance bonuses

Transport is a serious issue for Ninthavur and Thirukkivil, regularly cited from all categories of sources as a barrier to retention and satisfaction. Poor transport adds burdens of both time and cost. Workers using public transportation must wake up very early (some as early as 4:00 am) in order to prepare and eat breakfast, pack a lunch, and walk to the bus stop. Despite early arrival, they may then wait up to two hours for a bus with room to pick them up. Since public buses make frequent stops, travel time can be as long as 1.5 hours for a distance that would take only 30 minutes in a privately provided bus. Upper management acknowledges transportation as an urgent problem. Reliance on public transport produces substantial tardiness and absenteeism. DAEL is currently looking into the possibility of establishing a private bus company to transport their workers at Ninthavur and Thirukkivil. It has already established this system at Maha Oya.

Meals were regularly requested at all three factories by all sources. Managers cited cases of employees passing out from not having eaten enough and noted that some have neither the time nor the budget to pack lunches. Lack of provided meals was widely perceived as a detriment to productivity, job satisfaction and even attendance, since preparing meals can add an hour to morning routines. At both Maha Oya and Thirukkivil, cafeterias currently under construction will serve tea twice daily as well as lunch. Though space limitations prevent construction of a cafeteria at Ninthavur, there are plans to deliver lunches prepared at Thirukkivil.

Performance-based bonuses have been promised and will begin in March 2013, according to upper management. Factory management and supervisors applauded such bonuses as boons to attendance and retention. Management attributed the current lack of bonuses at EGA factories to low skills, meaning that high-quality, high-profit work must be reserved for the Ampara facility. The Ampara factory offers performance-based incentives of SLR 75-500 per day for

meeting production targets. If a line achieves 55-60% efficiency on a target, for example, workers receive SLR 100. Efficiency is measured by the number of pieces passing inspection. Performance-based bonuses will begin at EGA factories when DAEL switches them to higher-quality contracts.

Attendance-based bonuses will also be introduced in March 2013, modeled after Ampara. Machine operators with 100% attendance for the month will receive a dry rations box worth roughly SLR 2,000. Line leaders and supervisors will receive bonuses based on rates for their lines. These will motivate them to encourage more consistent attendance.

Employee Contribution to Household Income/Quality of Life for Individual Employees

FGDs with employee parents and community leader interviews indicated substantial household income improvements from EGA employment. Some parents reported that their EGA-employed children provide the sole regular family income and the majority reported that EGA wages supplement family income in areas like food, clothes, education, savings, and household investments such as buying a chicken coop. Some also reported that EGA wages reduce financial dependence and support purchase of non-essential items like jewelry. Community leaders agreed that family finances have benefitted from EGA wages.

Employee survey results offer confirmation. Of workers surveyed, 46% reported being the main source of household income. This indicates that EGA factories provide a steady main income for almost half of its workforce. Among the remainder, EGA wages substantially supplement household income. Among all respondents, EGA wages contribute an average of 58.5% to household income.

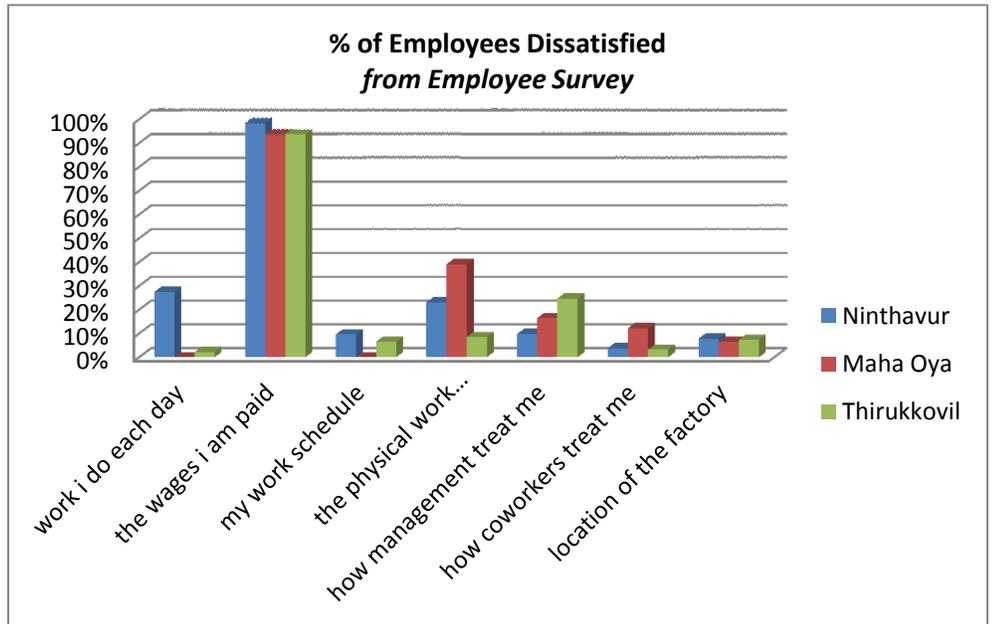
Categories of spending	Average self-reported amount of rupees spent from last month's wages								
	Buying food	Pay rent	Purchase clothing	Transport cost	Pay off debt	Savings	Home repairs	Special treats	Other
All respondents	2682.19	96.81	1197.09	769.64	1067.12	680.07	126.03	166.65	340.90
Main source of household income	3095.34	96.97	1300.99	723.56	1474.51	377.53	63.00	124.00	186.35
Not main source of household income	2330.00	96.68	1111.07	808.10	720.83	927.61	178.99	202.49	468.18
Difference in spending between main and not main source of income for household	765.34	0.29	189.92	-84.53	753.68	-550.09	-115.99	-78.49	-281.84

The employee survey indicated that the top four spending categories for EGA wages were food (averaging SLR 2,682 for the previous month), clothing (SLR 1,197), paying off debt (SLR 1,067), and transport (SLR 770). This shows most of the income focused on essential spending. Average percentage of salary spent on food is 40.1%. For non-food spending, 'zero' was the most

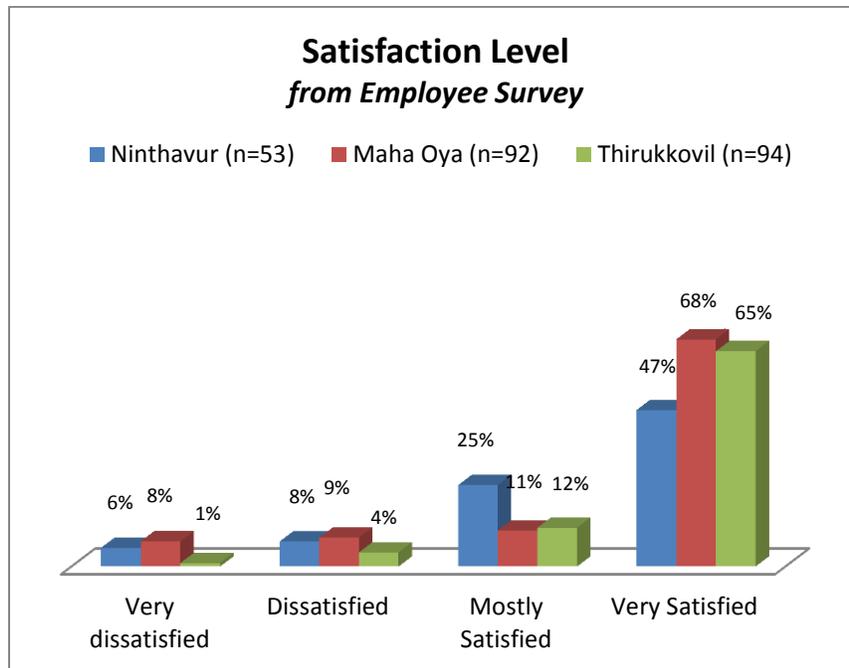
frequent answer. Although 33.1% put some earnings toward savings, 60.0% reported zero for savings. Only 7.5% reported spending on home repair, a good proxy for discretionary income.

Job satisfaction

The partnership with DAEL is one project under USAID’s intermediate result of “improving the quality of life” in conflict-affected areas. Job satisfaction is both a measure of quality of life improvement and a predictor of its sustainability since happy employees are more likely to keep working. Employee and parental FGDs, community leader interviews and the employee survey all indicate that most EGA workers are satisfied with many aspects of their jobs.



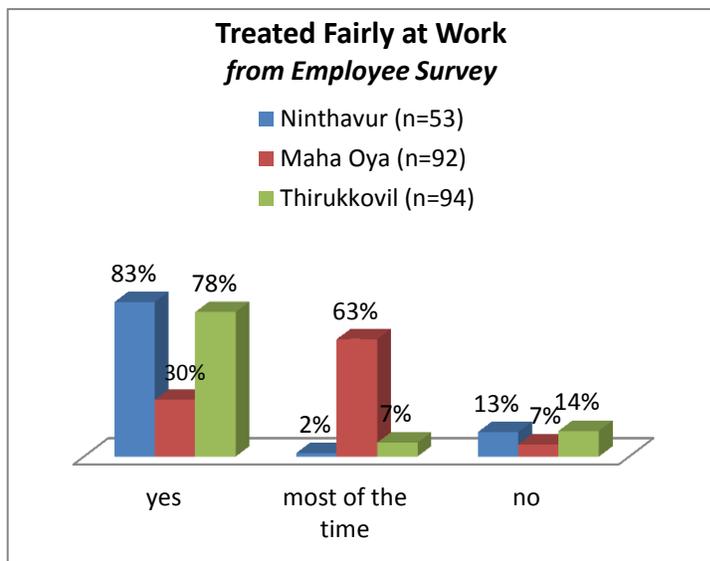
A common theme is happiness just to have a job near home. Combining various job aspects, the bar chart represents overall levels of satisfaction at each factory.



The employee survey reveals no statistically significant difference among the factories in satisfaction with factory location, work schedule, and treatment by coworkers. There were, however, significant differences in satisfaction with daily work, physical environment and treatment by managers. While nearly 100% at Maha Oya and Thirukkivil are satisfied with their daily work, 26% at Ninthavur are dissatisfied. Physical environment is not a major point of dissatisfaction at Thirukkivil, but it is at both other factories, with a notable 39% at Maha Oya. The employee FGD confirms dissatisfaction over physical environment at Maha Oya, with lack of drinking water and subpar bathrooms singled out for criticism. The factories varied substantially on survey-reported dissatisfaction with managerial treatment, Thirukkivil on the high end with 25%, Ninthavur at the low end with only 9%. This survey result differed sharply from sentiments expressed prominently at Ninthavur in both employee and parental FGDs and in interviews with supervisors and line leaders. These instruments revealed high dissatisfaction with current management at Ninthavur based on a mismatch between workers (Tamil-speaking Muslims) and the factory manager (Sinhalese-speaking Buddhist.)

Dissatisfaction at all three factories centered on wages and benefits, transport and provision of food. In interviews and FGDs there were consistent requests at all three factories for transport, higher salaries, and provision of some meals. These were echoed in the employee survey.

There was no statistically significant difference among the factories on dissatisfaction with wages—all had over 93% of employees unhappy. This was confirmed in interviews and focus groups. DAEL’s upper management team seems aware of this problem, indicating that there are plans for wage increases at all three factories in the near future.



Given the opportunity to list an “other” cause for dissatisfaction, 45% of employees surveyed did so. At Ninthavur, 40% listed lack of provision of transport and meals by the factory. Similarly, 36% at Thirukkivil listed lack of meals.

Fewer employees at Maha Oya responded under “other”; among those who did, the most common item was failure to receive official pay slips or statements. All these concerns emerged in interviews and FGDs as well. DAEL management has begun developing plans in response to each.

While management plans improvements so as to increase job satisfaction, some aspects may be beyond its control. Some worker frustrations come from comparison with the Ampara

factory and with Colombo factories where MOs enjoy higher salaries and benefits. This comparative awareness is acute since all employees have spent three months training in Ampara. It is especially accentuated at Maha Oya, where many MOs have previous work experience in Colombo. Some have even returned to Colombo for its higher salaries in spite of increased transport and living costs. These comparisons were regularly cited in interviews and FGDs.

Another aspect of job satisfaction is perception of fair treatment. This was probed in two employee survey questions, one regarding fair treatment generally, the other regarding fair treatment by managers as compared with that received by coworkers. In the answers to both questions, there was general consensus at all factories that treatment is fair.

6. Cross-Cutting Findings

This section sets out findings for the two remaining evaluation questions: a) *What other leading problems has EGA faced and what mitigation measures should it adopt or consider?* ; b) *To what extent has EGA attained “sustainable women’s participation” and “ethnic equitability” according to suitable definitions to be determined?* It also addresses additional information requested in the evaluation statement of work. Findings are drawn from the literature review, from quantitative employee survey data, and from qualitative in-depth interview and FGD data.

Gender and Women’s Participation

Community leader interviews indicate that mainly young women are interested in EGA employment and that the number of male applicants is comparatively small. DAEL management estimates that women make up 90% of the project workforce. Employee survey respondents were 95.8% female. Interviews and observation revealed few men in factory floor positions, but more in management positions. The highest-paid EGA positions were occupied by men with prior experience in the garment industry, drawn primarily from the Ampara factory. Middle-management staffers are mostly women engaged in human resources functions and almost all have been with EGA since its inception. Limited capacity and experience among potential workers at the factory locations present challenges in hiring. In interviews, management expressed plans to promote from the ranks once factories have been in operation long enough and staff sufficiently trained.

FGDs, community leader interviews and USAID staff all confirmed that EGA jobs are deemed to be women’s work. This is consistent with EGA’s focus. One objective specified in the cooperative agreement was increased women’s participation in income-earning employment. Various interviewees contended that in traditional rural communities, farm work is for men and women stay home. Community leaders indicated that because farming and fishing are the predominant local livelihoods, no income sources existed for women prior to EGA. With EGA, women now have access to income-earning jobs. Data from the employee survey revealed that for 65.1% of respondents, EGA work is the first paid job.

Community leader interviews and parental FGDs indicate that the factories are generally deemed acceptable workplaces for women. This is partly because garment work is considered a woman's job. These factors have made EGA employment a "safe" job for women, but some parents and community leaders suggested that men may be inappropriately disadvantaged since they also need employment. One Thirukkivil community leader stressed this emphatically.

Livelihood access for women has had mostly positive effects. The employee survey indicates that 48.0% of factory floor women provide the sole source of household income. On average, they contribute roughly 60% of household income. In FGDs, parents generally agreed that households, including their own, have benefited from income brought in from EGA jobs. Some parents indicated that it is good for young women to work and earn rather than stay home. Community leader interviews confirmed that EGA incomes have helped both families and jobholders themselves, who can use earnings to buy clothes and jewelry, or else build a house to attract marriage partners.

While interviews and FGDs have revealed a predominantly positive perception about women working in EGA, some negative perceptions and concerns were voiced, particularly in Nintavur. The Nintavur Division's population is 95.5% Muslim. Nintavur parents and community members mentioned concerns about men and women working together in the factory, particularly men below the managerial level. In addition, long work days mean women coming home late and some parents mentioned that coming home late can negatively reflect on women. At Thirukkivil, one interviewee said that because women traditionally stay home, it takes time for the community to get used to them working outside the home.

On the other hand, factory presence in communities with such prescribed gender roles has produced some interesting reactions. Interview and FGD respondents have proposed having women supervisors and managers to ease concerns about women working outside the home. At Maha Oya, where all supervisors are female, the issue of working alongside men did not come up in FGDs or interviews. (This could of course indicate that in a predominantly Buddhist community there is less pressure to keep men and women separate than in other religious communities). Acceptance of married women working is lower than for single women. Respondents in FGDs and in-depth interviews cited pressures on women to stop working when they marry. A common view is that because a husband traditionally provides for his wife there is stigma on both if she continues to work. Thus, when EGA women get married, husbands pressure them to quit.

Although qualitative data strongly convey gender expectations imparted by tradition, culture, and religion, they also point towards changing norms. For instance, some community leaders and factory managers noted that some married women are determined to continue working and will do so either because they have good educations or because they badly need the money. Indeed, 23.0% of EGA employees surveyed are married. A community leader in Nintavur contended that it is a women's choice whether to continue working after marriage and that her husband will not stop her if her job is suitable for a lady. Parents and community

leaders, particularly in Ninthavur, cite economic need as a factor in changing perceptions about women's roles. With few other sources of income, many families need and benefit from EGA wages. In the FGD at Thirukkivil, one parent contended that for local economic conditions to improve, both men and women need to work. Many women do need to work so as to supplement household income. Respondents in all in FGDs and interviews indicated that the factories are an acceptable venue, especially because women workers need not travel too far. Overall, the qualitative data suggest that EGA factories have combined with economic need to bring about some changes in gender norms.

In this light, EGA's decision to build smaller factories in separate locations instead of a large, single factory in Samanthurai seems to have mitigated potentially negative effects from women's participation. Building small local factories has had gender-sensitive impact and reduced negative perceptions and social pressure on EGA's working women.

Ethnic Equitability

According to the 2007 census, the latest available, Muslims (also known as Moors) make up 44.0% of Ampara District's population. Sinhalese make up 37.5% and Sri Lanka Tamils 18.3%, with 0.2% of other ethnicities.

Within Ninthavur Division, the 2007 census estimates that 95.5% are Muslims and 4.4% are Sri Lanka Tamils. Employees surveyed at the Ninthavur factory are 81.1% Muslim and 18.9% Sri Lanka Tamils. Sri Lanka Tamils are thus a bit overrepresented in the Ninthavur factory workforce relative to their population in the Ninthavur Division.

In Thirukkivil Division, Tamils make up 99.8% of the population. Employee survey respondents were 98.9% Tamil, so the Thirukkivil factory worker population is very representative of the division. The ethnic makeup of the Maha Oya factory is also highly representative of the division. Employee survey respondents were 94.6% Sinhalese, closely comparable with their population in the Maha Oya Division at 99.7%. The remaining 5.4% of respondents were Sri Lanka Tamils.

Ethics and labor law compliance

Minimum wage requirements in Sri Lanka are industry-specific. The minimum wage for garment factory workers is SLR 3,645 per month. This includes a mandatory SLR 1,000 allowance for anyone making a base salary under SLR 20,000 per month. According to EGA managers and official salary records, MOs start at SLR 3,450 plus 1,000 in allowance per month during the first six months, during which they are designated trainees unless judged eligible for promotion to standard employment. After the training period, which for some could be as short as three months, the wage goes up to SLR 7,500 plus the 1,000 allowance per month. In this regard, the three EGA factories are compliant with labor law. Furthermore, the Shop and Office Employees Act establishes a 45 hour work week and requires payment of overtime at a rate of time and a half. Management interviews and the employee survey indicate that these requirements have been met at all three project sites.

Based on observation, all three factories meet the minimum requirements of the Sri Lankan labor law—with the exception of providing work uniforms. However, it is unclear if the work uniform requirement applies to the garment industry or not.

DAEL management and the USAID Agreement Office Representative (AOR) both emphasized in interviews that labor law in Sri Lanka favors the employee and that due to the strictness of these laws compliance is a high priority. DAEL management pointed out compliance awards their firm has won and shared copies of the DAEL group's certifications. It maintained that even more demanding than basic legal requirements are the rigorous workforce and workplace requirements of clients. Clients inspect the factories regularly to ensure conformity with both international labor and quality standards. Conformity is prerequisite for securing production contracts. A representative of the Joint Apparel Association Forum of Sri Lanka noted in an interview that Sri Lanka in general has a track record of ethical sourcing.

Community perception of the EGA project

Stakeholders were asked what the community thinks about the EGA factories. Among thirty-six total comments, there were ten neutral, nine negative, and sixteen positive comments. According to a representative at the Board of Investment, the media used to blame elements of urban social disorder on migrant garment workers from the countryside. Parents of workers also disliked the fact that their children would leave home to work in the garment factories of distant Colombo, associating this with corruption of their (mostly female) children, extramarital affairs, insecurity, pregnancy, and few visits back home. Young girls disliked going to Colombo because they would have to spend a portion of their salary on room and board. Community leaders disliked how commuting youths would lose their cultural and religious bonds with home.

With the establishment of the EGA factories, there appears to be diminishing stigma against women working. When it was decided that EGA would establish a factory in Ninthavur, the local mosque did not endorse women working and would not support efforts to advertise positions. There was and continues to be concern over the fact that men and women work together in the factory, which some argue can be resolved by replacing male supervisors with females. Another concern is that the girls return home late at night, a practice culturally associated with illicit activity. However, these worries are tempered by the fact that the young women are productively working toward building a dowry and are in a central, secure location for most of the day. The stigma associated with married women working is also diminishing, as some married women want to work outside the household.

Several community leaders emphasize that the factory has only begun to impact the community. They would like to see expansion of the factories so more youth from poor families can be employed. They realize that job prospects are grim for many village youth. Before EGA, young people could only leave home for work, do handicrafts at home, labor in unskilled fishing and agricultural work or remain unemployed. In general, the opinion of community leaders is that the EGA project has resulted in economic growth in their communities.

7. Conclusions

Though it encountered several challenges in acquiring land at the beginning of implementation, EGA was able to construct two new garment factories, and lease a building to house the third. Originally designed to construct one factory employing workers drawn from all three major local ethnic groups, EGA instead achieved ethnic parity by locating factories in three separate towns where Tamil, Sinhalese, and Muslim populations respectively predominate.

EGA is progressing satisfactorily towards the creation of 1,000 targeted jobs but only half the jobs have been filled as yet. While an ample number of workers have been recruited, the industry is plagued with high turnover. For many employees, EGA has provided the first-in-a-lifetime paid job. Evidence from the employee survey, FGDs and in-depth interviews indicates that workers contribute substantially to household incomes, either as the main source or as a major supplement.

Under USAID's 2012 Gender Equality and Female Empowerment Policy ('Gender Policy'), one target outcome is reduction in gender disparities in access to, control over and benefit from resources, wealth, opportunities, and services—economic, social, political, and cultural. One area under this target outcome is access to paid employment and asset ownership, the former of which is addressed by the EGA project. EGA sites are located in rural communities where previous access to income came almost entirely through farming and fishing, livelihoods normally reserved for men. Through jobs for women in these communities, EGA aimed to close the gap in paid employment for women. In terms of women's participation, the project has been successful. Under the new Gender Policy, one indicator of reduced gender disparities is the proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment). With an overwhelmingly female workforce, EGA has made substantial headway on this indicator. And while income from the factories mostly pays for basic expenses, there were some cases in which women have been able to fund construction of houses and thereby obtain a fixed asset.

As to the sustainability of women's participation, the result is far from clear. Because almost all EGA jobs are so far entry level, with initial salary set at training rates regardless of experience, workforce retention is a major issue. EGA has been forced to recruit new employees on a continuous basis, with many trainees dropping out. EGA factories are still fairly new, with the oldest in operation for little over a year. Policies on promotion and advancement are shaky and have not been consistently implemented. Employees have not been working long enough to provide quantitative data on advancement, which would help to illuminate sustainability.

Various factors affect ability to remain employed with EGA. Social norms and gender roles play a big part. Bringing in a new source of income for a group without prior livelihood access can disrupt existing norms and yield negative impacts on that group. Key project decisions such as building smaller factories and locating them in local communities have done more to mitigate these potential issues than worsen them. Some qualitative data suggest that EGA has facilitated change in gender norms.

There is clear evidence that EGA has helped reduce disparities in livelihood access for women in the three affected communities. Beyond improving women's participation in the workforce, however, clear conclusions regarding sustainability cannot be made with the existing data.

In 'ethnic equitability,' defined as employing a workforce representative of communities where the factories are located and of the Ampara District at large, the project is more successful at the former than the latter. In Thirukkovil and Maha Oya, ethnic distribution of the workforce closely matches that of the surrounding community. In Ninthavur, the match is less close, though not drastically out of proportion. In comparison with Ampara District populations as a whole, Sri Lankan Tamils are overrepresented in EGA, while Sri Lanka Muslims are underrepresented. Considering that Ampara District is ethnically diverse with clusters of ethnic communities, and that the factories are located in only three of 20 DS divisions in the district, it is not surprising that EGA has not attained precise 'ethnic equitability' as defined.

8. Recommendations

Based on discussions with the Mission Director, the PPA on which this project was based will not be used in programming future initiatives for the Mission. With regards to recommendations on the mechanism itself as a model for achieving USAID development goals, based on the evidence derived from this evaluation, it can be suggested that:

- Discussions with USAID staff indicated that similar GDA initiatives that required construction of new factories, have experienced very long delays in startup, due to the difficulty in obtaining land for construction. In the case of EGA, difficulties in obtaining land resulted in the project losing almost one year of implementation time. This leads us to conclude that there are challenges in obtaining land for new factories, which might be beyond the control of the partner implementing the GDA initiative. If this is true, then it may be suggested that GDA initiatives that include the partner purchasing new land to establish new factory operations should be avoided.

Other suggested recommendations will apply primarily to the operations of the three EGA factories, and these could be applied by the DAEL management even without the assistance of USAID. Among these are the following:

- DAEL should ensure that all workers receive the in-house, 5-day, 30 hours training, Building of Employable Soft Skills and Talents (BEST). This training provide soft skills for employees, enabling them to be equipped with competencies in work ethic, courtesy, teamwork, self-discipline and confidence, language proficiency, leadership, problem solving, and decision making. This training, according to project staff, has been effective in improving attendance and job retention levels;

- To mitigate attrition caused by women getting married, DAEL should explore whether and how to increase the number of male MOs, despite cultural assumptions about the 'female' character of garment work and community concerns about mixed-gender workforces;
- Despite concerns that unreachable targets would discourage trainees, DAEL should consider installing some form of performance-based bonuses for trainees;
- Because proper attendance is critical for production planning and because dismissing trainees for poor attendance may not be a realistic option, DAEL should offer attendance bonuses for trainees, who are not eligible for participating in the various production incentive packages offered by the company to workers who have completed training and become members of the production team;
- DAEL should address transport challenges, perhaps by installing at Ninthavur and Thirukkivil some version of the 50% transportation subsidy it offers at Maha Oya.
- DAEL should quickly implement plans for providing staff meals.

Appendix 1

Statement of Work

STATEMENT OF WORK

High Quality Mid-Term Performance Evaluation of the Eastern Garment Alliance (EGA) Project Under USAID's Public Private Alliances (PPA) Program in the Northern and Eastern Provinces of Sri Lanka

June 2012

I. Background

A. Project Identification Data

Program: Public-Private Alliances in Northern and Eastern Sri Lanka

Project: Eastern Garment Alliance (EGA)

Award No: Cooperative Agreement No. 383-A-00-1 0-00504-00

Award Dates: April 1, 2010 to March 31, 2013 (with a pending no-cost extension to March 31, 2014)

Funding: SLR 145,000,000 (equivalent to \$1,262,846)

Implementer: Daya Apparel Exports (Pvt) Ltd

AOR: Bandula Nissanka

B. Objective

USAID/Sri Lanka (USAID/SL) proposes to carry out a high quality mid-term performance evaluation of its Eastern Garment Alliance (EGA) from its inception through September, 2012, assessing implementation effectiveness and progress toward project goals. It seeks an experienced team to execute this evaluation. Experience with USAID high-quality evaluations would be desirable.

C. Development Context

Through its Global Development Alliance (GDA), USAID has developed a public-private alliance strategy that leverages private sector resources for development goals. GDA criteria for public-private alliances (PPAs) are as follows:

- At least 1:1 leverage (in cash and in-kind) of USAID resources
- Commonly-defined goals and development solutions
- Non-traditional partners (companies, foundations, and others)
- Shared resources, risks and results
- Innovative, sustainable approaches

USAID/SL assessments have in the past concluded that inequitable regional distribution of economic development helped fuel Sri Lanka's prolonged conflict. To address

disparities, its PPA program seeks to expand economic activity in the conflict-affected Northern and Eastern Provinces. USAID/SL has acquired substantial experience in leveraging private sector funds to promote economic growth in lagging regions, thereby consolidating post-conflict stabilization. Private firms provide capital, market access, sustainability and expertise, while USAID supplies funding, technical assistance and guidance on policy influence.

Building on USAID/SL's established economic growth portfolios, PPAs create jobs and generate income, primarily in conflict-affected northern and eastern regions. USAID/SL particularly seeks domestic firms as partners. Partners must demonstrate respect for human rights, ethnic balance, gender sensitivity, integration of people with disabilities and other vulnerabilities, decent work conditions, environmental protection and community involvement in their operational practices.

D. Project Description

Within USAID's PPA program, Daya Apparel Exports (Pvt) Ltd (Daya) and USAID have collaborated in establishing the Eastern Garment Alliance (EGA). EGA aims to boost social and economic development in Sri Lanka's Ampara District, boosting incomes through direct employment of 1000 people total in three apparel factories, thereby increasing prosperity and stability.

The Ampara District lies within Sri Lanka's Eastern Province, a predominantly rural (80.6%) and economically challenged area subjected to devastating impacts from the country's 26-year civil war and from the 2004 tsunami.

Average population growth has come down sharply from 3.8% in 1981 to 0.5% in 2007, owing partly to the prolonged war and the tsunami. Mean household income, aggregate production and industrial output all fall below national averages. Agriculture is the main livelihood, with other sectors retarded by distant location, poor access and security uncertainties.

An established and successful garment firm, Daya counts as customers such world-renowned buyers as Wal-Mart, K-Mart, Mervyns and American Eagle. With expanded capacity under EGA, it targets new buyers, including Mother Care, BHS, Woolworths Adams in the United States, Dunnes in the United Kingdom and Deutsche Woolworth in Germany.

EGA is establishing three turn-key garment factories, consisting of 15-20 production lines each, located respectively in the towns of Ninthavur, Maha Oya, and Thirukkivil under a three-year cooperative agreement signed in April 2010. USAID provides \$1.3 million over the life of the project, while Daya has committed \$2.13 million (exchange rates may change).

One thousand young men and women from all ethnic groups in Ampara will be trained as sewing machine operators and assistants and then employed at the factories. These employment opportunities will improve living standards and create a platform for interaction among different ethnicities in the work place. In addition to direct employment opportunities, EGA will create several indirect employment opportunities, especially during the construction phases.

The annual capacity of the factories total over 2.4 million apparel items per year, with an expected annual revenue over \$15.6 million.

Ninthavur and Maha Oya factories commenced operations in September 2011 and May 2012 respectively and the Thirukkovil facility should begin operating by late July 2012. Ninthavur and Maha Oya factories accommodate 150 and 350 employees respectively and the Thirukkovil plant will employ 500.

Located in a predominantly Muslim locality, the Ninthavur facility will employ mainly Muslims, while the Maha Oya and Thirukkovil plants will employ mainly Sinhalese and Tamil work forces respectively, for comparable reasons of local ethnic predominance. This confers at least reasonable overall cross-ethnic parity for the Ampara district. The Thirukkovil vicinity suffers especially high joblessness, due in part to periods of control by Tamil separatist forces during the long civil war that ended in 2009.

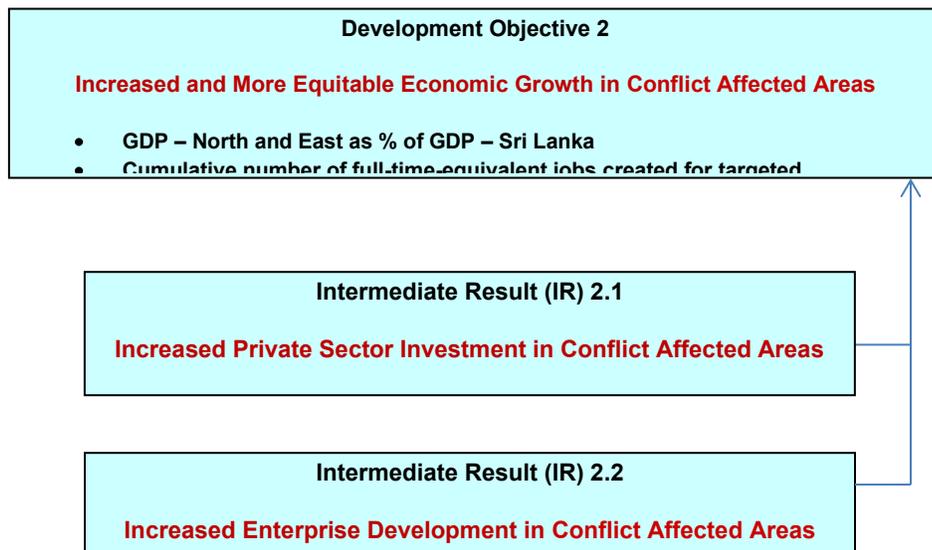
New jobs will go primarily to women, expected to constitute more than 90% of the factory workforces. Women represent more than 51% of the Ampara district population overall.

Factories are expected to meet various international and local standards for labor and ethical practices.

Each employee will be given at least three month's hands-on training in machine operations. Projections are that 400 will be trained the first year and 600 the second. Daya and USAID both will contribute cash for machinery, furniture and construction. Daya will invest working capital through a low interest loan from a bank or other financier. USAID will pay for training-related items such as materials, equipment and meals, while Daya will pay for training infrastructure and logistics as well as for trainers themselves.

E. Intended Results

The pertinent results framework for USAID/SL's development objective number two (DO2) is as follows:



Like other PPAs, EGA aims toward achievement of IR 2.1 (increased private sector investment in conflict affected areas) and IR 2.2 (increased enterprise development in conflict-affected areas).

F. Materials & other support

USAID and Daya will provide the evaluation team with materials, including:

- Project description
- Project quarterly reports
- Annual work plans

Daya will provide facilities for interviewing employees privately and will share any additional documents necessary.

II. Rationale

A. Purposes

This is a high quality external mid-term performance evaluation of EGA. Its purposes are to: 1) determine how well or poorly project components are working and why; and 2) identify needed modifications. Priorities include investigating whether factories are operating effectively to contribute to the economy and are meeting plans and targets.

B. Use

The chief users of the evaluation report will be USAID/SL and its implementing partner, Daya. USAID/SL will use the report to modify its EGA description as needed. Daya will learn strengths and weaknesses and adjust accordingly.

III. Information and Questions

The evaluation should provide information on performance, with data on at least the following:

1. Number of trainees
2. Direct full time equivalent (FTE) jobs created
3. Indirect jobs created
4. Employee wages
5. Quantity and value of production/exports
6. Compliance with international and local labor and ethical standards
7. Incomes from other jobs or farming within one hour's travel from plant sites
8. Wages from garment-sector and equivalent-skill jobs elsewhere in Sri Lanka

It should also recommend realistic updated targets for items 1-6.

The evaluation should address each of the following key evaluation questions:

1. To what extent have employee incomes increased since undertaking employment?

2. How sustainable is EGA over a ten-year future in terms of human resource availability, production costs and market demand for current and potential products?
3. What is the work force dropout rate, what are the main reasons for dropout and what mitigation measures might be most valuable?
4. What other leading problems has EGA faced and what mitigation measures should it adopt or consider?
5. To what extent has EGA attained ‘sustainable women’s participation’ and ‘ethnic equitability’ according to suitable definitions to be determined?

IV. Implementation

The evaluation team should design and propose appropriate methods; review provided documents; gather information from and about stakeholders and beneficiaries through interviews, focus group discussions or other techniques; devise and implement appropriate quantitative analyses; and take other steps needed to address the evaluation questions.

V. Tasks, Deliverables and Format

The selected consultant/local organization will be responsible for executing the following tasks, along with others as needed:

- Gain understanding of program objectives and indicators from document review and consultations
- Compile and verify data as itemized above
- Analyse and validate data
- Assess achievement on objectives and indicators
- Assess impact of employment on household incomes
- Assess ethnic, gender, age and income patterns in participation and benefits
- Present findings, conclusions and recommendations

The estimated performance period is six weeks, commencing with task order signature by the contracting officer. This includes preparation for and travel to the region, implementation of research, and preparation of the report. The evaluation will include the following phases.

Phase I

The evaluation team will complete preparation and planning. A written methodology (evaluation design/operational work plan) will be prepared and discussed with USAID before the evaluation proceeds.

Phase II

The evaluation team will complete a desk review and consult project documents and additional background information, not limited to matters supplied by USAID/Sri Lanka. It is strongly encouraged to meet with USAID/EGAT and the USAID/Asia Bureau before travelling to Sri Lanka.

Phase III

The evaluation team will travel to Sri Lanka. hire local partners and have discussions with U.S. Government staff to refine approaches and develop schedules. It will meet with donors, ministries and other organizations concerned with economic development in Sri

Lanka. It will gather data in accord with Section IV above. It will provide entry and exit briefings to USAID staff upon arrival and departure from Sri Lanka.

Phase IV

A draft shall be submitted and an oral briefing provided at least one week prior to the due date for the final report. Feedback on the draft and briefing shall be considered in preparation of the final report. All instruments used and data gathered shall be submitted with the final report, in formats suitable for reanalysis, by flash drive or other suitable medium agreed upon with the USAID/Sri Lanka. The quantitative data must be organized and fully documented for use by those not fully familiar with the project or the evaluation, must be owned by USAID and must be made available to the public barring rare exceptions.

All modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline shall require written approval from USAID. The main deliverable shall be the final evaluation report. A draft report shall be submitted and an oral briefing provided at least two weeks prior to the due date for the final report. Feedback on the draft and briefing shall be considered in preparation of the final report. All instruments used and data gathered shall be submitted with the final report, in formats suitable for reanalysis, by flash drive or other suitable medium.

The evaluation report should:

Comply with USAID branding requirements.

Represent a thoughtful, well-researched and well organized effort to evaluate objectively what worked in the project, what did not and why.

Address all evaluation questions in the statement of work.

Explain in detail the evaluation methodology and all evaluation tools.

Disclose limitations to the evaluation, especially with methodology (selection bias, recall bias, unobservable differences between comparator groups, and so on).

Present findings as analyzed facts, evidence and data, not anecdotes, hearsay or opinion compilation.

Present findings specifically and concisely, with strong quantitative or qualitative evidence.

Assess outcomes and impact on males and females.

Support recommendations with specific findings.

Offer action-oriented, practical and specific recommendations, with defined responsibilities for actions.

Include an annex containing all tools used such as questionnaires, checklists and discussion guides.

Include the statement of work as an annex.

List all sources of information in an annex.

The annex should also include if necessary, a statement of differences regarding significant unresolved divergence of opinion among funders, implementers, or members of the evaluation team.

The format for the evaluation report shall be as follows, modified as necessary:

1. Executive Summary: salient findings, conclusions and recommendations
2. Table of Contents
3. Introduction: purpose, audience, and task synopsis
4. Background: overview of project strategy and components and of evaluation purpose
5. Methodology: description of methods and limitations
6. Findings/Conclusions/Recommendations: specific responses to data-gathering tasks and key evaluation questions as set out in Section III above.
7. References (including bibliographical documentation, meetings, interviews and focus group discussions);
8. Annexes: evaluation methods, schedules, interview lists and tables in succinct, pertinent and readable formats, and any statement of differences regarding significant unresolved divergence of opinion by funders, implementers, or members of the evaluation team.

VI. Competencies and Composition

The evaluation team should comprise of the team leader/evaluation specialist, a business management consultant, an economist or other economic analyst and a sociologist or other qualified professional with knowledge of Sri Lankan social realities. Experience in similar assessments would be an advantage.

The evaluation team should possess adequate experience in program assessments, surveys or polling; understanding of economically-challenged communities; and experience in qualitative and quantitative evaluation methodologies. It should include as members or hire persons proficient in written and spoken Tamil and Sinhala. It should provide written disclosure of possible conflicts of interest. It should possess capacity with data collection and logistics. It will include a USAID/Sri Lanka staff member trained on evaluations if USAID/Sri Lanka can provide one.

The team leader/evaluation specialist shall be responsible for evaluation design, technical management, and development of tools and instruments such as interview sheets or questionnaires and data processing sheets. The team leader/evaluation specialist and the economic analyst will be jointly responsible for data collection and analysis, along with

production of spreadsheets and the report. Hiring local staff for assistance and implementation should be strongly considered.

VII. Methodology

Method of evaluation may include but will not be limited to collection of primary and secondary data through project documents, surveys and interviews with USAID staff, project managers, employees and executives. A draft report must essentially analyze data and respond to key evaluation questions as indicated in Section III above

VII. Management

The evaluation team will report to and work closely with USAID staff, which will provide logistical support. The period of performance will be four to six weeks beginning around August/September 2012.

IX. Evaluation Criteria

A. Technical Approach – 50 points

Submissions must demonstrate a sound technical approach. They will be evaluated based on:

- 1) Methodology
- 2) Consistency with objectives described above
- 3) Clarity, thoroughness, innovation, and realism
- 4) Effective deployment of qualitative and quantitative approaches

B. Personnel – 30 points

Submissions will be evaluated on the following:

- 1) Personnel with skills, experience and knowledge to accomplish objectives
- 2) Realistic plan to deploy local researchers and build local capacity for evaluations

C. Management Approach - 10 points

Submissions will be evaluated on the following:

- 1) Realistic plan for rapid, efficient and effective implementation

D. Past Performance – 10 points

Submissions will be evaluated on the prior experience of the evaluation firm, key personnel and any proposed subcontractors in:

- 1) Exercise of relevant skills in evaluation management
- 2) Success in implementing evaluations of similar scope and cost under U.S. Government regulations
- 3) Management and technical support ensuring smooth implementation, achievement of objectives and cost control

X. Budget

The estimated budget for this evaluation is slightly under \$60,000.

Appendix II
Persons Contacted

List of people interviewed

Factory Managers

Palitha Kalansookiya, Daya Apparel Export P.V.T. L.T.D., Maha Oya
P.S. Balasubramaniam, Daya Apparel Export P.V.T. L.T.D., Thirvkkovil
B.T. Kotinkadunoch, Daya Apparel Export P.V.T. L.T.D., Ninthavil

EGA

Wijesiri – Daya project manager
Daya Gamage, UNP Party Leader and Daya Apparel Factory Owner

Maha Oya

Focus Group (Parents):

Liyange, Community Leader

Senarantna, Community Leader

Mandula, Management Staff

Palithika, Management Staff

W. M. Dushanti (female), Management Trainee (HR Clerk in practice)

Chamara (male), Production Assistant/Technician Manager

Focus Group (Factory Floor Workers):

K.M. Lasanthika Kumari, Factory Floor Workers

H.M. Sriyani Makanthi, Factory Floor Workers

S.M. Ajith Saman Kumara, Factory Floor Workers

D.M. Sumanawathi, Factory Floor Workers

D.M. Pathma Dissanayeke, Factory Floor Workers

D.M.B Madara Samantha, Factory Floor Workers

H.M. Anusha Priyamanthi, Factory Floor Workers

W.K.C. Menike, Factory Floor Workers

R.B. Damayanthi, Factory Floor Workers

R.M. Renuka Malkanthi, Factory Floor Workers

Thirakkuvil

K. Jagatheeswaran, Community Leader

P. Mathan, Community Leader

Christianpillai Vadivel, Community Leader

Vinayaga Muslim S., Community Leader

Vinayaga Muslim Thi, Community Leader

Interviewee 6, Community Leader

Sripriya (male), Management Staff

Mishantu, Production Assistant?

Rathikal, Supervisor/Management Staff

Misty Rathika (female), Accounting Clerk

Mohammed (male), Production Manager (on Zan's Computer)

P. S. Balasubramaniam (male), Factory Manager
Arasarednam Nishanthan (male), Production Assistant

Focus Group (Factory Floor Workers):

I.L. Hazeena
A. Yasmin
S. Fowmiya
U.A. Irfana
S.L. Farsana
I. Sarojini Hirvi
A. Fathima
A. Kumuthini
I. Sakkina Humma
S.R.F. Nasrath

Focus Group (Parents):

Puvalapillai Koneswari
Virasinkam Sasikala
Vanniyasinkam Premanayaki
Jeyarasa Thusa
Kanagasapai Vasanthavani
Thevarasa Kunalini
Vinayakamoorthi Sathuriya
Ramachanthiran Vanitha
Vinayakamoorthi Nirojini
Uthayarasa Tharjini
Pathmanathan Kirujani
Murukan Nanthini
B. Kirusnapillai
Thevamalar

Ninthavir

Buhay, Community Leader
Hameed, Community Leader
Rifa, Community Leader
Bernard Tissa Kotinkaduwa (male), Management Staff
Sripriya, Management Staff
Jahan Sikona Nasain (female), Management Staff
P. Mufeena (female), HR Clerk
M. M. M. Fazmeer (male), Production Assistant
Moomeena (female), Line Supervisor
Buhary (male), Community Leader
Ahamed Lebba Dawood (male), Community Leader

Focus Group (Parents):

V. Savalydean
A.B. Ummu Sakkeena
S. Fathima
S.M. Santanam
S.M. Mahdias
I. Samsudeen
U.L. Raheema

M. Thajunisa

Focus Group (Floor Workers):

- 1) SP Siyama
- 2) CS Mufeedha
- 3) M.A.R. Kupra
- 4) J. Sharmila
- 5) R.S. Fayeesa
- 6) G. Niroja
- 7) S. Fowmiya
- 8) I. Habeeba
- 9) A. Mowfiya
- 10) A.M. Fowmiya
- 11) MBF Sameena
- 12) S. Ludsumi
- 13) S. Selvarani
- 14) N. Shiyahini
- 15) K Sirija
- 16) S.L. Haseeka
- 17) A.R.U.M. Ubaiith

Other Meetings

Paul Richardson, USAID, EGAT

Daya Gamage, Daya Factory Owner

Mr. Chamindra Gamage, Daya Special Projects Director

W.M. Bandula S. Nissanka, AOR EGA Project

M.P. Tuli Cooray, Joint Apparel Association Forum, Secretary General

Mrs. G. Rajapaksha, Board of Investment

Appendix III

Employee Survey

High Quality Mid-Term Performance Evaluation of the Eastern Garment Alliance (EGA) Project

Employee Survey

Instructions: *Please read to respondent and have respondent sign if agree to continue with survey*

Informed Consent

Hello, my name is _____. I am a member of the USAID evaluation team, conducting a mid-term evaluation of the Eastern Garment Alliance Project. This factory is one of three factories participating in this project, which is a partnership between Daya Apparel Exports (Pvt) Ltd (Daya) and USAID.

As part of the evaluation, we are conducting a survey of employees who work in factories that are participating in the project. You have been selected as one of the employees, to participate in this survey. The purpose of the survey is to find out more about you, what it is like working at the factory and how working here is contributing to the life of you and your family. The survey will take about 15 minutes. All information provided will remain confidential and will only be reported as group data with no identifying information. All data, including questionnaires will be kept in a secure location and only those directly involved with the evaluation will have access to them.

Participation in this survey is voluntary. There are no known or anticipated risks to participation in this survey. You may decline to answer any of the questions you do not wish to answer. Further, you may decide to withdraw from this survey at any time, without any negative consequences, simply by letting me know your decision. If you have questions regarding this survey, you may contact Mr. Mark Hager at USAID, Tel Number:

I have understood, and received a copy of the above consent and desire of my own free will and volition to participate in this employee survey

Signature: _____

Date: _____

Factory Location:	Ninthavur <input type="checkbox"/>	Maha Oya <input type="checkbox"/>	Thirukkovil <input type="checkbox"/>
Respondent Number:	_____	Interview Date:	Start time: _____
			End time: _____

A. Demographic Background

First I will like to start by asking you a few questions about yourself.

A1. Sex of respondent (*by observation*)

Male Female

A2. What year were you born?

19 _____

A3. Where were you born?

A4. To which ethnic group do you belong?

- Sinhala.....1
- Sri Lanka Tamil.....2
- Indian Tamil.....3
- Sri Lanka Muslims4
- Malay5
- Burgher6
- Other (Specify)9
- NA.....99

A5. What is your religion?

- Buddhist1
- Hindu2
- Islam3
- Roman Catholic/Other Christian4
- Other (Specify).....9
- NA.....99

A6. What is your marital status?

Never Married	1
Married	2
Widowed	3
Divorced	4
Separated	5
Other (Specify).....	6
NA.....	99

A7. How far did you go in your education?

Less than grade 10.....	1
Grade 10.....	2
Passed GCE O level (Grade 10).....	3
Passed GC A level.....	4
College degree.....	5
Post-graduate degree.....	6
Did not attend school.....	7
Other (specify).....	8
NA.....	99

A8. What type of living arrangement do you have?

I live at my own house	1
I pay for room and board during the work week to be near the factory, but I'm home on the weekends	2
I pay for room and board all the time to be near the factory and rarely stay at home.....	3
Other (Specify):	4
NA.....	99

B. Employment Background

Now, I will like to ask you a few questions about your job

B1. What is your current position on this job?

Sales Executive.....	1
Designer.....	2
Sewing Machine Operator.....	3
Tailor.....	4
Sewer.....	5
Other (Specify).....	6
NA.....	99

B2. Is this a full-time or part-time position?

- Full-time.....1
- Part-time.....2

How many hours do you work per week? _____

B3. How long have you worked at this factory?

B4. Is this your first paid job?

- Yes.....1
- No.....2

B5. Do any other members of your household work in the factory with you?

- Yes.....1
- No.....2

If YES how many? _____

B6. What type of work did you do before you were hired at this factory?

- Worked at another textile factory.....1
- Working in another industry.....2
- Was a domestic worker.....3
- Self-employed outside the house.....4
- Member of a military organization.....5
- Unemployed.....6
- Other (Specify).....7
- NA.....99

B7. How did you find out about this job?

- Newspaper advertisement.....1
- Hiring Agency.....2
- Word of mouth.....3
- Radio advertisement.....4
- Internet.....5
- Other (Specify).....6
- NA.....99

B8. How do you typically get to work each day?

- Walk.....1
- TukTuk.....2
- Bike.....3

Ride on Public Transportation.....	4
Drive my own Car.....	5
Ride in a Car driven by someone else.....	6
Motorcycle.....	7
Other (Specify):.....	8
NA.....	99

B9. Since you started working in this factory, have you received any training?

Yes.....	1
No.....	2 ← (Skip to B10)

B10. What type of training did you get?

Sewing Machine Operator.....	1
Soft skills training.....	2
Supervisor training.....	3
Other (Specify).....	4
NA.....	99

B11. Do you use what you learned at the training when you do your job?

Yes.....	1
No.....	2

B12. What other training do you need for you to do your job better?

B13. Do you have another job or another source of income somewhere else other than your work at the factory?

Yes.....	1
No.....	2 ← (Skip to C1.)

B14. What type of job or income source is this?

Work at another textile factory.....	1
Work in another industry.....	2
A domestic worker.....	3
Self-employed outside the house.....	4
I do informal work such as agriculture	5
I have a small business that I own.....	6
Other (Specify).....	7

NA.....99

B15. How many hours do you have to travel from the factory to the other job or source of income?

Less than 1 hour.....1

1 hour.....2

More than 1 hour.....3

NA.....99

C. Income and Expenditure

Now I am going to ask you a few questions about the money you get from the job that you do, and how you spend that money

C1. Before you started working at this factory, how many Rupees did you make every month as income?

C2. How many Rupees do you get paid every month for the work you do in this factory?

C3. How many Rupees do you get every month from the other job or other source of income? **(Ask only if B13 is YES)**

C4. What is the total income of your household?

C5. Are you the main source of income for your household?

Yes.....1

No.....2

NA.....99

C6. Last month when you were paid, approximately how many Rupees did you spend on the following?

Buying food for my household: R _____

Paying rent or for my house: R _____

Purchasing clothing: R _____

Paying for transportation costs: R _____

Paying off debt: R _____

Savings: R _____
 Home repairs/Improvement: R _____
 Special Treats (like gifts, etc.) R _____
 Other (Specify): R _____

C7. How financially secure do you currently feel?

Very Secure.....1
 Secure.....2
 Insecure.....3
 Very insecure.....4
 Don't Know.....5
 NA.....99

D. Job Satisfaction

Please say whether you are satisfied or not satisfied to the following statements

D1.	Satisfied	Not Satisfied	NA
The Work I do each day			
The wages I am paid			
My work schedule			
The physical work environment			
How my managers treat me			
How my co-workers treat me			
The location of the factory			
Other (Specify)			

D2. Overall, do you feel you are treated fairly at work?

Yes.....1
 No.....2
 Most of the time.....3
 NA.....99

D3. How well do you feel your managers at the factory treat you compared to your co-workers?

I'm treated the same as my co-workers.....1
 I'm treated somewhat worse than my co-workers.....2
 I'm treated somewhat better than my co-workers.....3
 I'm treated a lot worse than my co-workers.....4
 I'm treated a lot better than my co-workers.....5
 NA.....99

D4. If you can improve on only one of the following it would be:

- The Work I do each day.....1
- The wages I am paid.....2
- My work schedule.....3
- The physical work environment.....4
- How my managers treat me.....5
- How my co-workers treat me.....6
- The location of the factory.....7
- Other (Specify).....8
- NA.....99

D5. Since you started working at this factory, do you know of any other worker who has stopped working here?

- Yes.....1
- No.....2

If YES how many people do you know that do not work here anymore? _____

D6. In your opinion, what do you think is a reason why someone might not want to work here anymore?

- Fired for not being a good employee.....1
- They find a better job.....2
- Fired because of a personal issue.....3
- Quit because they no longer needed the income.....4
- Quit because they move away.....5
- Quit because they felt they were not being treated fairly.....6
- Other (Specify):7

Appendix IV

DAEL Management Questionnaire, Focus Group and In-Depth Interview Guides

**Eastern Garment Alliance
Management Questionnaire
Oct. 26, 2012**

1. Please provide name(s), position(s), phone number(s) and email(s) of respondent(s) to this questionnaire.
2. Is policy-setting centralized (C) or factory-by-factory (F) on:

Hours?	___
Breaks?	___
Holidays?	___
Base pay?	___
Performance pay?	___
Training?	___
Grade, rank and promotions?	___
Meals, tea provided?	___

Please explain if necessary.

3. Do your plants (EGA and other) differ among themselves on any of the items mentioned in Question 2? Please explain if necessary.
4. Please explain the reason(s) for any differences identified under Question 3.
5. Do you maintain a low base salary with substantial performance bonuses in order to secure either drop-out by weak performers or retention by strong performers? Please explain.
6. For each rank or grade, please specify base pay rate.
7. Please set out all performance pay amounts and criteria for earning them.
8. Is retention of good or experienced workers very important to you? Moderately important? Not very important? Please explain.
9. What specific steps, if any, have you taken to boost retention among your workers? How successful have such steps been?
10. What steps to boost retention are you currently considering? For each, please explain your estimates of possible success and difficulties posed.
11. What challenges or problems would arise in establishing on-site child care?
12. What priority do you assign to developing on-site child care? Please explain.
13. How much pay increase could you offer without substantially undermining cost-competitiveness? Please explain.
14. Please identify paid (P) and unpaid (U) items provided at the plants listed.

Ampara:	meals	___	snacks	___	tea/coffee	___
Ninthavur:	meals	___	snacks	___	tea/coffee	___
Maha Oya:	meals	___	snacks	___	tea/coffee	___
Thirukkivil:	meals	___	snacks	___	tea/coffee	___
15. Do you have formalized complaint/suggestion procedures in place? If so, please describe.
16. Please describe in as much specificity and detail as possible prospects and threats bearing on the sustainability of your apparel operations at current and projected levels over the next two years, five years and ten years.

17. Please identify research, documents and records in your possession bearing on sustainability of your apparel operations.
18. Please describe the nature and sources of information available elsewhere pertinent to the sustainability of your apparel operations (e.g., bureau of statistics, export promotion board, economic development ministry).
19. Have your Ninthavur operations dropped from some 90 employees and three lines to some 70 employees and one line over recent months? If so, please explain why.
20. Have your Maha Oya operations dropped in number of employees or lines since operations there commenced? If so, please explain why.
21. Have your Ampara operations dropped in number of employees or lines over recent months? If so, please explain why.
22. Please give your current best estimate for number of workers by March 2013.

Ninthavur:	payroll _____	average daily attendance _____
Maha Oya:	payroll _____	average daily attendance _____
Thirukkovil:	payroll _____	average daily attendance _____
Ampara:	payroll _____	average daily attendance _____
23. Please explain evidence and assumptions behind your projections for Question 22.
24. Do your projections for Question 22 above refer to sustainable jobs? Please explain.
25. What is the likelihood (based on per cent of a hundred) that you will reach EGA employment targets by March 2015? Please explain your evidence and assumptions.
26. Please list and explain major challenges facing Daya Apparel Export and EGA. For each, please describe in detail possible solutions and their feasibility.
27. Do EGA job projections—500 for Thirukkovil, 350 for Maha Oya, 150 for Ninthavur—refer to Total trainees? Numbers placed on payroll? Numbers placed on payroll minus dropouts? Average daily attendance? Please explain.
28. How does productivity compare between your Ampara plant and your EGA plants? If you have data, please provide. What factors account for any differences?
29. How does productivity compare among your EGA plants? If you have data, please provide. What factors account for any differences?
30. What are the chances (in per cent of a hundred) of closure of an EGA plant by March 2015?

Ninthavur	_____
Maha Oya	_____
Thirukkovil	_____

Please explain your response.
31. How many of your Ampara plant employees are Tamil? _____ Muslim? _____
Singhalese? _____
32. What expansions, if any, does Daya Apparel Export have underway currently? Please provide details on locations, employment levels and new lines of business.
33. What expansion plans, if any, does Daya Apparel Export currently have under consideration? Please provide details on locations, employment levels and new lines of business.
34. Please itemize by monetary amounts your USAID-supported EGA expenditures on

Training	_____
Sewing machines	_____

Other equipment _____

Other (specify) _____

- 35. What sorts of training has EGA provided through USAID funding?**
- 36. How many sewing machines has EGA purchased through USAID support?**
- 37. How many sewing machines purchased through USAID support are currently in regular EGA operation?**
- 38. For sewing machines purchased through USAID support but not currently in regular EGA operation, please list current locations and numbers of machines at each location.**

Focus Group Discussions Guide

Impact of EGA Project on Parents of Factory Workers

FOCUS GROUP: IMPACT OF ACTIVITIES (E.G. Employment, Economic Growth, Equitable Human Development, etc.) to increase private sector investment and enterprise development in Conflict Affected Communities.

Description – Focus group discussion with a select group of male and female adult (over the age of 18) participants from a cluster of households which supply workers to one of the three factories. **(There will be variation in the size and composition of each household but the focus group should target 8-10 participants.)**

Proposed Time and Date –

Facilitators –

Link to Results- Will contribute to evaluation of issues related to the views, experiences, preferences, attitudes and behavioral responses of households supplying workers to the factory. Will contribute to identification of elements that should be modified/changed and project performance concerns that should be addressed. Will also contribute to addressing questions of sustainability and impact of employment on household incomes, etc. (Focuses on impact on IR2.1 and 2.2 of DO2, see Results Framework)

Section A – Background

1. What is your child's position in the factory, what is their sex, and how long have they been working there?

Section B - Equitable employment

1. Since the factory opened, have you observed any changes in the community?

PROBE:

- If so, what were they?

2. How do you think the community and the people living around this area feel about the factory?

PROBE:

- What are some of the comments that people have made in regards to the factory?
- What would you change about the way the factory is impacting the community? What would you keep the same?

Section B –Stability (target: explain dropouts, assess equitable treatment)

3. How has employment at the factory changed your family situation?

PROBE:

Describe your family's experience having a member of the household there?
Is it a good work environment?
Does your child enjoy working there?

4. Do you know of any workers from Daya who have stopped working at the factory? (Probe: From what you've observed or been told—what are the usual reasons for someone to leave the factory? In your opinion, what could have happened to prevent these people from leaving?)

Section C – Gender (target: sustainable women's participation)

1. What has been the general feeling from the community to the factory being here? How do people feel about women in the community working there? (Probe: How do people feel about married women working there?)
2. Are women who work in the factory treated differently than women who work in other occupations?

Focus Group Discussions Guide

Impact of EGA Project on lives of Factory Floor Workers

FOCUS GROUP 1 & 2 : IMPACT OF ACTIVITIES (E.G. Creation of Jobs, Technical Training, etc.) TO Improve the standard of living and increase equitable economic growth in conflict-affected communities.

Description – Focus group discussion with select one group of female participants and one group of male participants from each of the three factories who have worked at the factory for a minimum of one month and preferably have participated in at least one project-supported work-skills training. **(8-10 participants in both the male and female focus groups from each of the three factories.)**

Proposed Time and Date –

Facilitators –

Link to Results- Will contribute to evaluation of issues related to the technical and managerial elements of the factories to identify what should remain the same, elements that should be modified/changed, and new concerns that should be addressed. Will also contribute to addressing questions of worker experience, improved quality of life, equity, etc. (Focuses on impact on IR2.1 and 2.2 of DO2, see Results Framework)

Section A- Quality of Life Improved (target: income increased, improved stability, etc)

5. Have long have you each worked at this factory? Has your life changed in any way since you started working at the factory? If so, can you please describe in what ways has it changed?

PROBE:

- Describe your day-to-day life before and after coming to work at the factory
- What role do you play in your household? Has that changed since working at the factory?
- What role do you play in your community? Has that changed?

1a. (Only ask directly if not addressed above) Has your life improved as a result of working at the factory?

PROBE:

- Can you please detail some of the specifics ways in which your life has improved?

6. How do you think about the future now that you work at the factory? What are your plans for the next 6 months? One year? Two years?

PROBE:

- What is important to you for your future?
- Has the way you think about your future changed? How did you think about the future before you worked at the factory?
- In your opinion, do you think your community also thinks about the future this way?

Eastern Garment Alliance (EGA) Mid-Term Evaluation
In-depth Interview Questionnaire
Community Leaders

Consent:

Thank you very much for taking time from your busy schedule to participate in this interview. My name is _____, and I am a member of the evaluation team from USAID, conducting an evaluation of the Eastern Garment Alliance (EGA) project. This is a mid-term evaluation that will help determine what components of the project is working well, which components are not working well, and which might benefit from mid-course corrections. I will be asking you a few questions about your experience with the EGA project, as well as the extent to which the new factory has contributed to increasing economic growth and improving the quality of life for the employees and their communities. Your answers will be confidential, and your name will not be directly linked to your responses. Your responses will be analyzed along with the responses of other interviewees. Do you want to continue with the interview?

A. Background of Respondent

A1. Name: _____

A2. Community: _____

A3. Role/Position in
Community: _____

A4. How long have you lived in this community? _____

A5. How did you become involved with the Daya apparel factory
project? _____

A6. In what ways have you been involved with the Daya apparel factory? And please describe, in
general, your interactions with this project. (Probe: impressions, positive/negative, etc.)

A. Recruitment pattern

A1. What role have you played in helping to recruit employees for the factory or advertise about available positions? (Probe: in what ways do you get out the message, who do you target, etc.)

A2. What have you observed in the process of recruiting? What types of people are interested in working at the factory? In your opinion, why are they typically interested? Why not? (Probe: patterns you've observed, etc.)

C. Retention

C1. Do you know of any workers from Daya who have stopped working at the factory? (Probe: From what you've observed or been told—what are the usual reasons for someone to leave the factory? In your opinion, what could have happened to prevent these people from leaving?)

C2. What has been the general feeling from the community to the factory being here? How do people feel about women in the community working there? (Probe: How do people feel about married women working there?)

D. Impact on Community

D1. What changes have you seen in the community since the factory opened? (PROBE:How do you think the factory is contributing to this change? What would you change about the way the factory is impacting the community? What would you keep the same?) general: How do you think the community and the people living around this area feel about the factory?

**Eastern Garment Alliance (EGA) Mid-Term Evaluation
In-depth Interview Questionnaire
Managerial Staff and Supervisors**

Consent:

Thank you very much for taking time from your busy schedule to participate in this interview. My name is _____, and I am a member of the evaluation team from USAID, conducting an evaluation of the Eastern Garment Alliance (EGA) project. This is a mid-term evaluation that will help determine what components of the project is working well, which components are not working well, and which might benefit from mid-course corrections. I will be asking you a few questions about your experience with the EGA project, as well as the extent to which the new factory has contributed to increasing economic growth and improving the quality of life for the employees. Your answers will be confidential, and your name will not be directly linked to your responses. Your responses will be analyzed along with the responses of other interviewees. Do you want to continue with the interview?

A. Background of Respondent

A1. Name: _____

A2. Factory: _____

A3. Position/Title: _____

A4. How long have you worked in your current position? _____

A5. What was your previous employment? _____

A6. How many workers do you supervise? _____

A7. In general, please describe your experience as a supervisor/manager at the factory? (probe: is the work satisfying, do you feel you've received sufficient training, is it a good work environment, etc.)

A. Equitable Employment

A1. Describe the general characteristics of the employees at the Factory. In your opinion are the factory workers approximately representative of the population of the surrounding area? (probe: if so, in what ways, if not, in what ways)

A2. From your experience, can you please describe the typical interaction and relationship between the factory management (such as yourself) and the average factory workers. In your opinion, is this relationship as it should be? (if so, in what ways, if not, in what ways)

C. Human Capacity

C1. Please describe the types of training you have received from the factory. Are these trainings useful in preparing you to fulfill your work requirements? Are there any trainings you haven't yet received but would find useful?

C2. Please describe what trainings you are aware of which the average worker receives. In your opinion, are these trainings sufficient to prepare the workers for their tasks? Are there any trainings which they do not normally receive which you think would improve their capacity as factory workers?

C3. Do you know of any workers from DAEL who have stopped working at the factory? (Probe: From what you've observed or been told—what are the usual reasons for someone to leave the factory? In your opinion, what could have happened to prevent these people from leaving?)

D. Promotion Model

D1. How did you become _____ (*insert their title*) (probe: direct hire to that position vs. promoted from within...and if promoted, what position did they start at and how long did it take to get to where they are?)

D2. From what you know, what is the process for selecting someone for promotion? (has this changed overtime?) What are the standards by which you measure whether/not to promote? How do you evaluate someone for promotion?

D3. In your opinion, do you believe the opportunity for promotion is equally available to all employees? (*****not probe, but keep in mind: gender, ethnicity, social class, etc.**)

Eastern Garment Alliance (EGA) Mid-Term Evaluation
In-depth Interview Questionnaire
HR Officer

Consent:

Thank you very much for taking time from your busy schedule to participate in this interview. My name is _____, and I am a member of the evaluation team from USAID, conducting an evaluation of the Eastern Garment Alliance (EGA) project. This is a mid-term evaluation that will help determine what components of the project is working well, which components are not working well, and which might benefit from mid-course corrections. I will be asking you a few questions about your experience with the EGA project, as well as the extent to which the new factory has contributed to increasing economic growth and improving the quality of life for the employees. Your answers will be confidential, and your name will not be directly linked to your responses. Your responses will be analyzed along with the responses of other interviewees. Do you want to continue with the interview?

A. Background of Respondent

A1. Name: _____

A2. Factory: _____

A3. Official Title: _____

A4. How long have you been employed with DAEL? _____

A5. What was your previous work experience before DAEL? _____

A6. Can you please describe your day-to-day responsibilities at the DAEL apparel factory? (probe: how many HR files are you responsible for, what info about employees do you track, how do you interface with Ampara factory central HR office? What do you spend most of your time doing? And second most?)

B. Recruitment pattern

B1. What are the challenges/constraints for hiring sufficient employees? (are these challenges different for different target positions? In what ways could these challenges be overcome/mitigated?)

C. Training Policies/Model

C1. What are the typical training workers receive—when and where? Are the trainings different according to different categories of workers? (Probe: are there any standard training that everyone receives? Beyond the standard basic training, how is it determined who receives what trainings? what is the selection process for selecting someone for special trainings, etc? what are the constraints to providing further trainings to more people?)

C2. Do you know of any workers who have either quit or been fired from the factory? (PROBE: From what you've observed or been told—what are the usual reasons for someone to leave the factory? In your opinion, what could have happened to prevent these people from leaving?) ****after asking this question, ask for documentation of reasons if available***

D. Promotion Policy/Standards

D1. What is the process for selecting someone for supervisory/managerial positions? (direct hire into those positions vs. promoting up from the lines?)

D2. What is the process for selecting someone for promotion? (has this changed overtime?) What are the standards by which you measure whether/not to promote? How do you evaluate someone for promotion?

D3. In your opinion, do you believe the opportunity for promotion is equally available to all employees? **(***not probe, but keep in mind: gender, ethnicity, social class, etc.)**
