
Discussing key elements of monitoring and verification

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Amsterdam, September 2001

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Introduction

Currently, it has been suggested that one way to determine if workplace practices match certain labour standards is through a system of monitoring and verification. Keeping a close watch over the implementation of and compliance with such standards has come to be known as monitoring, the results of which needs to be verified. Beyond these basic definitions there is no set system of monitoring and verification -- though there are important items that the NGOs and trade unions involved in investigating the feasibility of such activities agree should be included in monitoring and verification. This paper brings together those ideas on the possible key elements of an effective monitoring and verification system which could ultimately serve to improve workplace conditions and facilitate the empowerment of workers.

This paper draws upon the experiences of those involved in five initiatives to investigate how monitoring and verification systems could function. In order to better share experiences from these five initiatives -- not only to learn from each other, but to better document these experiences for those who take up similar projects in the future -- the Centre for Research on Multinational Corporations (SOMO) and the international secretariat of the Clean Clothes Campaign (CCC) organized a project to bring together representatives of the initiatives. This one-year project, called "European Initiatives on Monitoring and Verification of Codes of Conduct in the Garment and Sportswear Industry," examined and facilitated exchanges between representatives from initiatives in the Netherlands, UK, Sweden, France, and Switzerland. In these initiatives, companies, business federations, trade unions, and NGOs cooperated within different frameworks (often through the use of pilot projects) to gain practical experience in the implementation, monitoring, and verification of an agreed-upon set of social standards (often referred to as codes of conduct). In this way the project has been a means for compiling a great deal of insightful input on the possible key elements of monitoring and verification processes and these are outlined below. [\(1\)](#)

This paper is meant to be the basis for discussion (specifically during the conference "From Code to Compliance" to take place in Brussels, October 3rd, organized in relation to the SOMO/CCC project mentioned above) and therefore is not meant to be seen as the last word on monitoring and verification. It is important to note that though this text is based on input from and discussions with the representatives of the different European initiatives, they were not directly involved in drafting this paper. More input on the ideas outlined here is needed from other participants in the European initiatives, as well as from other actors in this field. This paper highlights just a few of the important elements of monitoring and verification processes which were seen by the project working group as requiring more attention. These issues include: the use of management systems, the possibilities for developing complaints mechanisms, and the roles and relationships of various stakeholders in the monitoring and verification process. There is certainly much more to be said on these elements and those not mentioned in this paper. An extensive list of critical issues that need to be addressed in relation to this topic can be found in the

overview of the initiatives that was published as part of this project in May 2001. [\(2\)](#) SOMO/CCC hopes that through this project, and this paper, discussion on these issues will be stimulated and this line of work geared toward improving working conditions will be advanced. Readers are encouraged to comment on the ideas outlined here. Comments can be sent to: info@somo.nl.

This paper does not discuss codes of conduct and their content. The CCC, which is participating in all these initiatives, has reached a general level of consensus on code content, which has been thoroughly discussed elsewhere. [\(3\)](#)

This paper will also not cover the issues of certification and labelling in the context of labour standards and monitoring and verification. Though these are important related issues, and have been raised in the context of the five initiatives mentioned above, this project focused much more on discussing the experiences of the pilot projects on monitoring and verification.

Clarity

Before outlining the important elements of monitoring and verification processes, first a few words on clarity. From the beginning of the debates on the monitoring and verification of labour standards there has been confusion on the terminology used, in part due to the international nature of this debate (meaning that terms are translated back and forth from one language to another) and the interaction of players for whom words have inherently different meanings. The five European initiatives brought together in the SOMO/CCC project have to some extent used words differently or have interpreted the same words differently. Importantly, this project acknowledged this problem and an attempt was made to clarify the terminology used by the participants. It is hoped that as future cooperation on these and similar initiatives is anticipated that more attention goes into reaching a consensus on the use of terminology. A terminology guide is one tool which will most likely be developed in order to provide clarity of meaning and improve communications by avoiding misunderstandings and the use of jargon. Obviously, we have to agree on what we are talking about before we can go on to tackle the challenges of monitoring and verification. Just as the CCC sought to use clearly defined and agreed-upon standards (ILO conventions) in its model code of conduct to avoid confusion and prevent the interpretation of labour standards, there is a need to clearly articulate what is meant by each of the elements or processes described below.

Management systems

In several of the initiatives, notably in Sweden and in the Netherlands, work has been done on developing tools to assist companies that have adopted a code of conduct and are ready to take the next step: implementing that code at all levels of the supply chain. The first, and most obvious tool to consider was a management system.

A management system refers to all the organizational structures, procedures, processes, and means that are necessary for the proper implementation of a company's policies. A management system appears to be essential in guaranteeing that policies, whether they concern labour standards or quality standards, are met. Because many companies already have management systems addressing quality or environmental issues, it was seen as logical that these systems be extended to include social issues. If a management system for social issues is developed it should not be at odds with any existing management system. A proper management system, it was thought, would allow a company to ensure that monitoring, as well as implementation, of the code takes place.

The Dutch project started out by developing a draft for a management system, based on ISO methodology. Early versions were found to be too complex. Participants felt that a "handbook" giving companies concrete suggestions on where to start was needed. Standard management systems contain procedures but do not outline what the output of those procedures should be (ex. in terms of information content). The companies involved in the Dutch initiative needed tips and suggestions on that informational content (for example, on how to deal with child labour in the context of country X, what freedom of association means in country Y). Many of the companies involved in the Dutch project, it turned out, do not use ISO-based management systems, probably in part because they are mainly small and medium-sized enterprises. Obviously, no handbook could ever answer all of these questions, especially not as they relate to local (changing) contexts, and because the answers are usually subjective and open to interpretation. But useful resources and a basic "how-to" guide can be given to the companies to help them start implementing, and later monitoring, their codes. Interestingly, the Ethical Trading Initiative (ETI, the UK multi-stakeholder initiative that includes experimentation on how to monitor and verify the implementation of a code of conduct) also found that there was a need for a "monitoring guide" for companies (this is currently under development).

In the end, those involved in the Dutch project concluded that a management system, though less demanding than originally proposed, was needed. Companies, they said, have to approach both implementation and monitoring systematically, and must document what they are doing. Such documentation is necessary to support efforts to verify (for example, by the foundation or other sort of body overseeing code compliance) that the company is indeed taking appropriate and sufficient steps to implement and monitor the code. For example, are they instructing their buyers or quality controllers on the social standards that the company has committed to? Documenting the steps taken in this regard (ex. number of trainings held, as well as their content and methodology) not only at supplier facilities but at headquarters in Europe, for example, will enable the overseeing body to evaluate a company's efforts based on evidence collected at all levels.

The Swedish verification initiative also found that there was a need for a management system to structure the work that companies needed to do. They arrived at this conclusion after running their first two sets of pilot projects in India and Bangladesh. A proposal for a management system was drafted (much shorter than the Dutch version) and was tested in

late 2000/early 2001 by two of the companies participating in the Swedish project. These tests (like the ones carried out in 1999 in the Netherlands) were carried out with the assistance of auditing companies, selected due to their experience (though admittedly limited) with social issues. (4) The audits were carried out at the Swedish headquarters of the two participating companies, and included interviews with key staff.

The Swedish management system requires companies to collect information on the labour situation in each of the countries where they produce their goods, and this information must be collected from a variety of sources. This documentation has to be accessible and verifiable. However, this kind of procedural evidence gathering can only go so far in terms of revealing working conditions.

What constitutes "objective evidence" that can be collected /checked at the supplier level and reported back to the buyer/retailer level is debatable, at least this has been the experience in the context of the Dutch initiatives. For example, if a supplier faxed copies of collective bargaining agreements to the Dutch company they are producing for, whose responsibility is it to keep these documents on file? Do such documents constitute sufficient evidence that the right to collective bargaining is respected at the supply facility? What if the agreement was made with a "yellow" union? Should the Dutch company verify such evidence with the union federations (and keep copies of their findings)? As in the Swedish initiative, the Dutch draft management system was tested on two companies in the Netherlands by an auditing company. The auditors suggested that for many of the items to be investigated under the management system interviews with workers would be necessary for the "evidence" to be complete (for example, regarding working hours and freedom of association).

Thus far, the tendency has been for management systems to focus on getting information from suppliers to buyer/retailer management in a systematic way so that buyer/retailer management can decide what to do about the existing conditions at their suppliers (take action, reassign responsibility, etc.). But examining the supplier level often doesn't expose all the factors that have an impact on supplier-level working conditions. While scrutiny at the supplier level can reveal the number of emergency exits, for example, it will not reveal retailer-level decision making processes regarding delivery schedules, which will determine working hours at the supplier level. Within the context of the issues taken up in the monitoring and verification initiatives, management systems have a double aim: to ensure that labour standards are implemented and monitored and to ensure that business is conducted in such a way that suppliers can meet the standards they are supposed to uphold. Therefore, a management system for social issues must examine practices at both the supplier and the retailer/buyer level.

Another example of the need to examine practices at the retailer/buyer level is related to the issues of cost and fair pricing. This is one of the most pressing (and most sensitive) issues related to code compliance and demonstrates the nature of the link between the buyer/retailer level and the supplier level. In order to implement the desired labour

standards suppliers need to be paid a "fair" price for their goods and services, meaning a price that will allow them to actually carry out the measures contained in the standards (ex. pay a living wage to their workers, not force workers to work overtime). But, how does one determine a fair price? The fair trade movement, which has been wrestling with this question for a long time, could possibly provide interesting input for this debate.

This critical issue raises another variable which has an impact on code implementation and compliance: the relative power of the buyer/retailer over the supplier. How to ensure that a supplier does not pocket your fair prices instead of paying the workers their living wage? Or, as has happened in several well-documented cases during the last few years, what if the supplier simply refuses to implement the standards or take corrective action? Given the growth and increasingly global nature of many of the Asian production companies (such as Pou Chen and Nien Hsing) this will continue to happen. This demonstrates that relationships, including power relations, in this industry are not static. Suppliers will often say no to implementing codes and making changes, at least when they are first asked to do so, while some will continue to resist taking these steps. However, pressure applied by determined retailers often does lead to changes. Management systems have to outline procedures for cases which can be long and drawn out; for example, there should be clear guidelines for determining when buyer/retailers are justified in terminating their relationships with suppliers.

The European initiatives have also demonstrated that there are informational needs (including training and education) at all levels (worker, supplier, buyer, retailer, etc.) in relation to workers rights and the implementation and monitoring of labour standards. At a 1999 conference organized by the UK's Ethical Trading Initiative, NGO activists from Asia, Latin America, and Africa reported that training and mass education were the top Southern capacity-building priorities in order to enable their fuller participation in the field of codes of conduct and particularly with regard to monitoring and verification. In the context of the Swedish initiative, the Hong Kong organization approached to participate in a pilot project to test verification systems in China made worker education, a top priority in their view, a prerequisite for their involvement in the experiment. It remains unclear what the best methods will be for addressing these needs, especially given the wide variety of local contexts in which the garment industry operates. Nevertheless, a good management system will need to address those needs.

Complaints procedures

For a monitoring and verification system to be complete it must include a clear mechanism for bringing workplace concerns to the attention of the monitoring and verification body. Therefore, it is important to determine how workers, trade unions, and NGOs at the local level of production can most easily convey their complaints about labour rights violations. In the CCC model code of conduct this "track" of monitoring and verification is distinguished from audits and is referred to as complaints procedures.⁽⁵⁾ Complaints procedures are meant to ensure direct input from workers and their organizations in the

monitoring and verification process, and to balance and supplement the limited monitoring/verification scope of social audits, which by definition only provide a "snapshot" of a specific moment in time. The complaints procedure should allow workers, NGOs and trade unions to present information on code compliance at a given facility at any given time, as opposed to waiting for an audit or interview to voice their grievances.

Like social audits, complaints mechanisms would be a tool to be used in the context of both monitoring and verification (this distinction is clarified below). It remains to be seen at what phase both these tools are the most useful or appropriate.

Unlike social audits, which the European initiatives and companies involved in other multi-stakeholder initiatives (ex. the Fair Labour Association (FLA)) have experimented with, complaints mechanisms have only received limited attention in the context of monitoring and verification projects. The disproportionate amount of attention placed on auditing methods is primarily due to the strong commercial and corporate interest in social auditing as a technique. Therefore, both auditing companies and companies interested in utilizing such services have developed their own auditing methodologies and helped shape a role for this tool in the context of corporate social accountability. As a result NGO/trade union led initiatives have been forced to prioritize their own experimentation with social auditing in order to have input in the debate on the value of auditing.

The rationale for developing complaints mechanisms is outlined in the principles upon which the Dutch Fair Wear Foundation was created. This is also found in the work plan of the Swiss CCC's monitoring and verification project. In the Dutch, Swiss, and Swedish CCC monitoring and verification initiatives there has been some level of agreement on how to handle communication among the project partners when complaints are received regarding companies (or their suppliers) currently participating in the projects. The ETI has recently started working on a more elaborate mechanism for dealing with NGOs and trade union complaints about code violations by ETI companies. Still basically procedural, the ETI mechanism will also outline how and by whom complaints should be investigated, elements of such an investigation, who should draw up remediation plans, and what they minimally should contain. Other multi-stakeholder initiatives, such as SA 8000 and the FLA, also contain complaints mechanisms. The Workers Rights Consortium (WRC) is somewhat different from other initiatives because complaints are the mechanism that "activates" the WRC system of investigation and follow up. The WRC has worked out procedures on when and how complaints should be investigated, and how these investigations should be conducted.

Not only has the attention for complaints systems been limited, but it has primarily been focused on complaints originating from NGOs or trade unions. Handling such complaints is something quite different from setting up a system that would allow workers themselves to directly voice their complaints. Some work has been done that could be instructive in this regard. COVERCO, a Central American monitoring NGO, has collected workers complaints via phone as part of its monitoring of Liz Claiborne suppliers in Guatemala. There is also

some anecdotal evidence of company-controlled monitoring systems testing this method (Reebok in China). Under the SA 8000 complaints system each facility should have a workers representative that workers can file complaints with.

So far, the European monitoring and verification initiatives have raised more questions than answers in relation to the challenge of developing procedures to handle complaints from workers, NGOs, and trade unions. Mechanisms to handle complaints have to carefully consider the timeframe in which investigations are to be done, and find a balance between the need to respond quickly and the need to investigate carefully. Some of the major questions to be addressed are: who should decide when an investigation will be carried out and who actually carries it out? what sort of documentation and reporting is necessary, and to whom should this information be made available?

For example, complaints could be made directly known to the company concerned, and be left for them to deal with according to a protocol, or if the action taken by the company is not seen as satisfactory, a complaint could be made directly to the monitoring/verification body. The inherent risk is that investigation will follow investigation, eating up time and resources, and that no steps to resolve the actual labour dispute will be taken since all parties (companies, trade unions, NGOs) will be busy criticizing the different investigation reports. For example, in the case of a labour dispute at the Kuk Dong facility in Mexico an investigation was carried out by the WRC, then an independent mediator was dispatched to the scene at the request of Nike, one of the Kuk Dong clients involved in the case, and a report was drafted in conjunction with the International Labour Rights Fund (ILRF). Then, at the request of Nike, an audit was carried out by the non-profit code monitoring organization Verite, which confirmed the findings of the WRC. Nike continued to challenge some of the WRC/Verite findings (ex. on minimum wage violations). [\(6\)](#)

It will be essential that workers and their organizations feel safe when reporting labour rights violations, and that complaints are dealt with fairly and efficiently. Complaints coming from workers can, theoretically, be channelled via organizations (still being discussed is what sort of organizations should carry out that role) based near the site of production, or be sent directly to whatever body is overseeing code compliance. Both approaches have (dis)advantages. Involvement of organizations based near the production site is important for reasons of accessibility and credibility for/with the workers, but presently in most cases there are not enough organizations willing to take on this task who have the capacity, skills, resources or credentials to do it properly. If such organizations were present, codes of conduct would probably not be needed. The absence of such organizations does not imply that the best system would be to have workers file their complaints directly with the body overseeing code compliance. Instead, it might be more strategic to build up capacity among local organizations. However, it is also valid to suggest that workers and their organizations should have the right to file a complaint to the overseeing body or the company concerned at any time. For example, if a trade union is active in the factory workers can make their concerns known to the union, and the union should have the space and the choice to file the complaint with the body overseeing code

compliance and/or the local authorities or (when appropriate) take the complaint as far as the ILO. Once again, the real difficulty (and the real need) is when there are no organizations present to represent workers or for workers to turn to. The challenge is to define approaches that will contribute to organizing efforts and the development of civil society.

When discussing complaints mechanisms it is important to recognize that within a specific local context workers and their organizations will usually have certain avenues open to them through which they can complain about violations of the labour law and/or international labour standards (these international standards are usually the same as those outlined in the codes). Consideration should be given as to whether filing a complaint in relation to a code of conduct violation is worthwhile (has "added value"), given the possibilities of pursuing the labour rights violation in other venues (ex. local labour court or through the ILO). A complaints mechanism that is part of a monitoring and verification system is not intended to replace or supersede any national legal system. [\(7\)](#)

Monitoring and Verification

Monitoring code compliance, according to many, is primarily the responsibility of the (retail) company, They have to see to it that their suppliers comply with the labour standards outlined in their code. As explained above, the pricing/buying policies of the company should also be monitored to guarantee that they do not create obstacles to code compliance.

Though they are responsible, this does not mean that the company should carry out these tasks on their own, or that they should be in complete control of the monitoring process. The ETI has been testing out different approaches to monitoring, comparing the use of quality control firms, NGOs, trade unions, and internal company systems. Very generally speaking their experiences so far seem to favour a monitoring approach which makes use of locally-based organizations using research techniques that are locally tested and accepted. Interestingly, many of the companies involved in the different European initiatives expressed their need for assistance in the monitoring process, and that they find it difficult to rely on local management only for information. The Dutch companies for example specifically asked for "a local NGO or consultant" to help them in discovering what goes on at their suppliers. Some of the European initiatives, such as the Dutch Fair Wear Foundation, aim to set out clear rules for the monitoring process, and see it as their job to oversee compliance with these rules which is part of the process of verification.

Verification is intended to ensure that the implementation and monitoring processes happen as intended, and implies a re-examination of evidence gathered to support the conclusions reached during the monitoring process. Meanwhile, it remains difficult to distinguish where monitoring ends and verification begins. Both currently utilize similar tools (factory inspections, worker interviews) and are ongoing processes, blurring the distinction between the two processes. As a result these two terms are often discussed

together because, for example, any discussion of methodology for worker interviews as a tool for gathering information to monitor code compliance would also be relevant for discussions of the use of this tool for verification of code compliance. Interviews with workers can be used to gather information by auditors hired by a company, but can also be carried out by an organization involved in verification to determine if the monitoring process -- including the worker interviews carried out by the auditors -- was a sound one. Another example of the relationship between the two processes was highlighted by the Swedish experiment, when companies found that their original internal monitoring systems (based on factory visits and talks to management) had not uncovered what was really going on. This came to light during an unannounced audit conducted by a team composed of representatives from an audit firm and from the project, using information collected in advance during worker interviews by local researchers, recommended by NGOs. During the audit many violations were confirmed. The Swedes tested out this type of social audit in Bangladesh, India, and China, but more in the context of verification than as part of the monitoring process. Nevertheless, the lessons learned were applicable to both processes. In this way, the findings of the verification process can be used to improve the monitoring process. It should be clear that any attempt here to separate the two processes is just that: an attempt, meant principally to provide input for debate.

The content of these processes is important to consider, but equally important (some would say more important) is who oversees these processes and who actually carries them out. To a great extent, the quality of monitoring and verification is determined by the credibility of the processes in the eyes of the different parties involved. This raises one of the central problems of monitoring and verification: what is credible for one is often (automatically) not credible for the other. For example, accounting firms were seen as credible monitors by corporations, but were considered absolutely unqualified to carry out this task by many NGOs and trade unions. Much of the debate surrounding monitoring and verification is in fact a debate about the background, organizational affiliation, or financial relations of those carrying out monitoring and verification tasks. Hence, the use of the term "independent monitoring" (now replaced by monitoring and independent verification, again in an attempt to separate the two processes), signifying the need for structures and actors which could operate without being a part of or favouring one of the parties involved. Multi-stakeholder initiatives are an attempt to build such structures: to gain "independence" from one party by involving all parties. [\(8\)](#)

Roles for stakeholders and relationships between stakeholders

The European initiatives found that the direct involvement of what has been (confusingly) referred to as "local level" stakeholders (meaning stakeholders based in the area where the production facility is located) in the processes of monitoring and verification is essential, and that representation of their interests by European counterparts (for example, in the board of a monitoring body) does not constitute such involvement. The ETI presently follows a model where in each of its pilot studies a local-level "ETI structure" is set up,

bringing together unions, NGOs, and companies. ETI determinedly does not involve itself (yet) with verification, but focuses for the time being on best practices in monitoring.

For many of the local NGOs or trade unions the question on how to be involved in monitoring and verification processes is a complex one. Within the pilot projects carried out within the framework of the European initiatives thus far, the NGOs and unions involved in the projects tended to hire researchers or research organizations or consultants to fulfil the information-gathering needs of the monitoring/verification project or they themselves were hired in a temporary capacity to carry out specific tasks. This outsourcing took place for various reasons: partly because the jobs required a certain level of technical expertise, for which they did not have the skills inhouse, and partly because they were not sure how they as organizations should position themselves in relation to these multi-stakeholder initiatives. They especially feared that the connection to corporations might compromise them in other areas of their work (if they received money for services provided in relation to the projects they would be seen as in the employ of the corporations, but they did not have the resources to take on extra work without funding). Although the different European initiatives have no problem as such with the use of non-institutionally affiliated researchers, the problem is that this does not lead to capacity building within NGOs and trade unions at the local level, and does not do anything to satisfy their demand to have some measure of control over the whole process. When evaluating the pilot projects that have taken place so far, local organizations involved did note that their participation in the process (even when one step removed) increased their knowledge of what was going on in their region, and especially their access to information. They also felt strengthened vis-a-vis local industry, as the multi-stakeholder alliances confirmed some level of commitment to human rights and social standards. The fact that specific improvements were enacted as a result of the initiatives in certain cases enforced that feeling.

In Central America some specialized NGOs have been formed to carry out monitoring and verification. This has happened in part as a civil society solution to the problem of jeopardizing their autonomy, outlined above. An additional point to consider here is the status of the information that is compiled as part of the monitoring and verification process. Who owns and has access to the reports? COVERCO, for example, a Guatemalan NGO, carefully defines the conditions under which they will carry out monitoring and verification work for the (U.S.) Fair Labour Association, including the status of the reports they produce.

The Swedish pilots tested a system where information is first collected at the local level by local organizations (they called the outputs from this phase "pre-studies") and in the next phase worker interviews (organized via trusted local partners) are followed by inspection visits (by commercial firms, but using the input of these interviews). For Bangladesh and India this led to reports on the suppliers and corrective action proposals that in the end were accepted by the multi-stakeholder pilot board in Sweden and the different organizations and companies involved at the production level. The experiments in both

India and Bangladesh highlighted the importance of separating the task of worker interviews from that of inspecting the factory (also in terms of who carried out these tasks). The NGOs concerned did not want to enter the premises, afraid that this would undermine their relationship with the workers and that the workers who were interviewed would find their presence confusing (i.e. why were people they had confided in now the guests of their employers?). The pilot projects also demonstrated the vital importance (as well as the difficulty) of conducting unannounced audits (especially inspection visits). The unannounced nature of the visits was after all the major difference between the models being tested (aside from gathering information through worker interviews) and the audits that had been carried out at the same facilities as part of companies internal monitoring programs, in which very different reports were generated.

The experience was different in the third Swedish pilot. The Hong Kong-based organization that conducted the interviews with workers did want to be present as part of the audit team to inspect the factory. It was considerably more difficult to reach agreement among all stakeholders on how to proceed, raising questions as to the future feasibility of this kind of process in China.

Most debate (in all the projects that have reached this stage) came when discussing what steps to undertake as a result of the audit: the so-called corrective action. In commercial auditing this is structured as advice given by the auditing team to local management. In these initiatives though there are two levels of management (supplier and buyer), and various other different parties, involved. In the Swedish pilots a meeting was organized to discuss the findings of the audit with local management, and from this an action plan was drafted. This would then go to the organization that had done the worker interviews for comments. All this would then go back to Sweden, to be discussed and finalized by the pilot board (composed of 1/3 each trade union, NGO, and company representatives). In some cases the pilot board was unsure what action they should call for (for example, in relation to the payment of living wages). The reality was far removed from the standard (and the standard itself hard to measure) and improvements would create a complex situation at the local level due to an existing wage freeze agreed upon by unions and employers and the fear that a situation would develop where wages in one garment factory would be much higher than in neighbouring facilities.

The corrective action phase also exposes a problem that relates to code content and the need for input at the local level. Most standards are subject to different interpretations. Some of the standards (for example, freedom of association) were not found to be easily measurable during social audits and were seen as subjective. This problem was magnified when discussing corrective actions. The necessity of input from local actors becomes clear - in the end it is up to them to decide what kind of improvements are necessary and feasible, and at what pace. But who provides this input? And how?

In the preparation of the French Madagascar pilot one of the ideas they wanted to test out was to involve both a local NGO and the local trade union, in different capacities. The NGO

would be involved in the social audit, by doing the worker interviews and possibly also the factory inspection. The union would be involved in developing the corrective action plan, preferably as part of the collective bargaining process. Unfortunately, the French Madagascar pilot was cancelled and thus far we have not had a chance to further develop this model. Of course, this kind of system would depend on the presence of a trade union at the workplace, and these are in short supply in the garment industry. Obviously there are other complications attached to this model: for example, negotiations are normally conducted between local management and the trade union - what would be the consequences of involving the buyer level management in the process? It also will depend on a working relationship between NGOs and trade unions at the local level, which often does not exist.

One of the major areas of debate between unions and NGOs has been the issue of representation. Unions fear that NGOs will take over their role of negotiating with management. There are a variety of labour-related NGOs, and they perform different functions for workers, some of which do theoretically belong to trade unions. For a variety of complex reasons trade unions are often absent in the garment industry: the industry is characterized by a complicated subcontracting system, is strongly based in the so-called informal sector, and gender plays a significant role in the workplace. The fear in the trade union movement of non-unions taking their place is fully justified. On the positive side however we can say that by and large the NGOs that have the strongest direct linkages to the workers are often those that have the strongest political belief in the necessity of forming trade unions, and are taking action based on perceived temporary need, rather than because they see it as their inherent task. In the context of code monitoring and verification there is more to fear from the more commercial social audit systems, which either completely exclude both unions and NGOs or reduce them to a consultative status. The "quick fix" provided by such systems is attractive, especially because they obscure the need in the short term for developing thorough knowledge of the always complicated local dynamics. The more complex systems that aim to ensure such input will have to highlight the need for taking the more difficult route. In all the European initiatives when all the pilots stretched far beyond their deadlines it became apparent that pursuing this route will take a great deal of time.

In addition to the trade union-NGO dynamic, the dynamic between the buyer and the supplier is the other major axis to consider when establishing a good monitoring and verification processes. Especially in the implementation and monitoring phases, but also during the verification process, buyers and suppliers will have to develop new ways of working together in relation to the management systems issues mentioned above. The supplier often sees the interest of the buying company in social issues as unjustified meddling, and might refuse to cooperate. Thus far where this has happened within the pilot projects, pressure from the buying company was enough to get the process going again. It is clear that though this is time consuming it is a responsibility that should not be transferred to those responsible for verification (as is the natural tendency).

Future Work

Thus far, the findings from the European initiatives on monitoring and verification merely allow us to outline critical issues and a few key elements that monitoring and verification systems will need to address. It is not possible to draw any large scale final conclusions based on the European initiatives at this point in time because several of the initiatives are still ongoing. ETI is developing a new garment pilot in Sri Lanka, and the Dutch foundation is in the midst of experiments in India, Poland, Romania, and Indonesia. The Swiss initiative started most recently, and many of its projects are in the planning phase. In France the plans for a pilot project in Madagascar were postponed, but possibilities in another (probably Asian) country are being discussed. The findings of these pilots will need to be documented, analyzed, and reported. More discussion will need to take place in relation to these current and any new findings, in Europe and at a wider international level. The conference in October should provide an opportunity to take us some of these issues. Several items for further investigation were mentioned in this discussion paper, and it is hoped that they receive attention in the future, and that any work done on these issues in the future is exchanged freely and widely to further the development of policies and procedures that genuinely improve working conditions.

Notes

1. Thus far the elements that could make up a monitoring and verification system have only been tested on a small scale. One of the important conclusions of some of the participants in the experiments examined by the SOMO/CCC project is that the models used cannot be directly translated from one national context to another, or not even easily from one factory to a system covering many factories within the same country. This is at odds with a goal of developing a system that guarantees the observance of worker's rights throughout a company's supply chain, which in the garment industry span the globe and include facilities ranging from large factories to a homemaker's living room. The development of a monitoring and verification system needs to take into consideration the complexity of contemporary supply chains. The sustainability of such a system is also a concern.
2. Ascoly, N., I. Zeldenrust and J. Oldenziel (2001) "[Overview of Recent Developments on Monitoring and Verification in the Garment and Sportswear Industry in Europe](#)," SOMO, Amsterdam.
3. See for example Wick, I. (2001) Workers' Tool or PR Ploy? A Guide to Codes of International Labour Practice, Fridrich-Ebert-Stiftung, Boon and Sudwind, Siegburg; Ascoly, N. and I. Zeldenrust (1998) "Codes of Conduct for Transnational Corporations: An Overview," IRENE, Tilburg; and Jeffcott, B. and L. Yanz (2000) "Codes of conduct, government regulation and worker organizing," ETAG discussion paper.

While the CCC has utilized codes of conduct as a tool for improving working

conditions, the campaign clearly acknowledges the limitations of such a strategy. CCC concerns about the use of codes of conduct (beyond the concern that there has been a proliferation of company-developed codes which are incomplete, vague, not implemented, and lack the inclusion of sufficient monitoring and verification commitments) include the fear that in the current political context of diminishing governmental influence and increasing TNC power, the existence of non-governmental codes of conduct can be considered another mechanism to further the dominance of TNCs in areas of society that used to be primarily controlled by the state. Should business and civil society solve labour problems amongst themselves, or should legislative solutions to these problems be pursued? The relationship between codes and labour legislation (especially national, but also in terms of any international legal obligations) is very important. In some cases codes have been used to undermine (the higher standards articulated in) national legislation.

4. To clarify though, these "social audits" differ greatly from those that are usually referred to in the context of determining working conditions in the garment industry (i.e. inspections of factories where garments are produced).
5. The CCC uses the term audit to refer to evaluations of the working conditions at a specific facility based on information gathered during interviews with factory workers and during an inspection of the facility.
6. sources: USAS alert February 16, 2001; CLR alert circulated June 20, 2001; WRC Investigations Re: Complaint Against Kuk Dong (Mexico) Report and Recommendations, June 20, 2001.
7. Though in the experience of the CCC, which handles requests from workers organizations, trade unions, and NGOs to take action on labour disputes, most national-level legal systems or labour court systems in garment-producing countries do not adequately deal with the very frequent violations of basic labour standards which they are committed to upholding. Nevertheless, in the cases the CCC takes up, contact is often made with relevant legal bodies, upon the request of the organizations requesting assistance.

An important element to consider here is the level at which the concept of "multi-stakeholderism" is applied. Each of the European experiments examined by the SOMO/CCC project are considered to be multi-stakeholder initiatives because there is an attempt to have representatives of all interests participate in the body that oversees monitoring and verification of code compliance, based in Europe. But the representation is often not direct. These initiatives more or less operate on the premise that NGOs, companies, and trade unions in the North will try to represent the interests of those in the South. Trade unions, however, are the only ones backed up by an international structure that allows for this kind of representation and they too are aware that they are also stretching the limits of their ability to represent their Southern colleagues.