



International
Labour
Organization



VISION ZERO FUND

GLOBAL REPORT: 2016/2017



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ACRONYMS

ACTEMP	Bureau for Employers' Activities (ILO)
ACTRAV	Bureau for Workers' Activities (ILO)
CETU	Confederation of Ethiopian Trade Unions
CTHT	Centre Technique Horticole de Tamatave
DFID	United Kingdom Department for International Development
DG DEVCO	Directorate-General for International Cooperation and Development
DoISI	Directorate of Industrial Supervision and Inspection (Myanmar)
DWCP	Decent Work Country Programmes (ILO)
EC	European Commission
EEF	Ethiopian Employers' Federation
EII	Employment Injury Insurance
EU	European Union
EVAL	Evaluation Unit (ILO)
FGLLID	Factories and General Labour Laws Inspection Department
FUNDAMENTALS	Fundamental Principles and Rights at Work Branch (ILO)
G7	Group of Seven
G20	Group of 20
GDP	Gross Domestic Product
GEIP	Global Programme on Employment Injury Insurance and Protection
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
Global GAP	Global Good Agricultural Practice
GSCs	Global Supply Chains
GTP II	Ethiopia's Second Growth and Transformation Plan
GVCs	Global Value Chains
ILO	International Labour Organization
ILS	International Labour Standards
INWORK	Inclusive Labour Markets, Labour Relations and Working Conditions Branch (ILO)
IOE	International Organization of Employers
ITUC	International Trade Union Confederation
KPI	Key Performance Indicators
LABADMIN/OSH	Labour Administration, Labour Inspection and Occupational Safety and Health (ILO)
MDTF	Multi-Donor Trust Fund
MGMA	Myanmar Garment Manufacturers Association
MNEs	Multinational Enterprises
MoU	Memorandum of Understanding
OSH	Occupational Safety and Health
OSH-GAP	Global Action for Prevention on Occupational Safety and Health
PARDEV	Partnership and Field Support Department (ILO)
PCC	Project Consultative Committee
PCIs	Private Compliance Initiatives

PMP	Performance Measurement Plan
RPCC	Rana Plaza Coordination Committee
SC	Steering Committee
SC+	Steering Committee Plus
SCORE	Sustaining Competitive and Responsible Enterprises
SMEs	Small and Medium Enterprises
SSB	Social Security Board (Myanmar)
SY@W	Safe Youth at Work Project
TOC	Theory of Change
ToR	Terms of Reference
TVET	Technical and Vocational Education and Training
VZF	Vision Zero Fund
WIND	Work Improvement in Neighbourhood Development (ILO)
WISE	Work Improvements in Small Enterprises (ILO)
WISH	Work Improvement for Safe Home (ILO)
WHO	World Health Organization
YOUTH4OSH	Occupational Safety and Health for Young Workers and Young Employers in Global Supply Chains

INTRODUCTION

This document represents the Vision Zero Fund's first global report and covers the period of 1 June 2016 to 31 December 2017. Future reports will be issued annually, on 31 March, covering the previous calendar year. The next report will therefore be issued on 31 March 2019 and will include the period of 1 January 2018 through 31 December 2018.

The report consists of the following parts: (1) Background; (2) Programme overview; (3) Country level activities; (4) Communication and visibility; (5) Performance management and sustainability; (6) Concluding observations.

1. BACKGROUND

In June 2015 at the Group of Seven (G7) Summit at Schloss Elmau, Germany, the German Ministry of Employment and Social Affairs proposed the creation of a work place injury and disease prevention and protection Fund – the Vision Zero Fund – within the framework of the “sustainable supply chains initiative”.¹

“Unsafe and poor working conditions lead to significant social and economic losses and are linked to environmental damage. (...) We support a “Vision Zero Fund” to be established in cooperation with the International Labour Organization (ILO). The Fund will also add value to existing ILO projects with its aim of preventing and reducing workplace-related deaths and serious injuries by strengthening public frameworks and establishing sustainable business practices. Access to the Fund will be conditional: the Fund will support those recipients that commit themselves to prevention measures and the implementation of labour, social, environmental and safety standards.”

Summit Declaration of the Heads of State and Government, G7 Summit 7– 8 June 2015 at Schloss Elmau, Germany²

Source: Bundesregierung/Kugler



First working session of the G7 leaders, Schloss Elmau, Germany, June 2015

¹ https://www.bmz.de/g7/en/Entwicklungspolitische_Schwerpunkte/Menschenwuerdige_Arbeit/index.html [Accessed 10 Sep. 2018]

² https://www.bundesregierung.de/Content/EN/_Anlagen/G7/2015-06-08-g7-abschluss-eng_en.html?nn=447370 [Accessed 10 Sep. 2018]

The Vision Zero Fund (VZF or Fund) was established against a background of unacceptable social and economic losses resulting from accidents, injuries and diseases around the world. Based on International Labour Organization (ILO) estimates 2.78 million workers die every year from work-related injuries and diseases. An additional 160 million workers suffer from work-related diseases and 313 million workers from non-fatal injuries per year. There are 34 developing countries without an employment injury insurance system and approximately 60 per cent of the world's labour force lacks protection if they are injured or become ill as a result of their work. The damage to companies and economies is significant. In economic terms, the ILO estimates that almost 4 per cent of the world's annual gross domestic product (GDP) is lost as a consequence of work-related injuries and diseases.³

The VZF was established as a direct response to the collapse of the Rana Plaza factory in Dhaka, Bangladesh, in April 2013, which resulted in the deaths of more than 1,100 workers and injured more than 2,500 others. The Rana Plaza tragedy resulted from a number of systemic failures, three of which are particularly noteworthy. First, Bangladesh lacked adequate occupational safety and health (OSH) systems at both national and enterprise levels, resulting in poor OSH practices and conditions at the workplace. Second, the regulatory authorities (in particular the labour inspectorate) lacked the capacity to enforce relevant laws and regulations. Third and finally, the absence of a universal employment injury insurance scheme meant that survivors and the families of those who perished or suffered serious injuries were not compensated for lost income or provided with support to cover medical and rehabilitation costs. In order to ensure that workers and their families received adequate compensation, the Rana Plaza compensation scheme was created with contributions from multinational companies and individuals to provide financial and medical support to victims of the tragedy as well as their families and dependants. Nevertheless, it is recognized that such *ad hoc* arrangements cannot be a substitute for the establishment or strengthening of proper national employment injury benefit schemes that provide adequate compensation (benefits in cash and in kind) in cases of work-related accidents and diseases.⁴

Informed by these failures, the objective of the VZF is to work towards the vision of zero fatal and severe work-related injuries and diseases by improving OSH practices and conditions in sectors that link to global supply chains (GSCs),⁵ and to strengthen institutional frameworks such as labour inspectorates and employment injury insurance schemes in countries linked to such GSCs. Contributions to the Fund are not disbursed to victims of occupational accidents (as was the case under the *ad hoc* Rana Plaza compensation scheme), but are instead used to fund projects that promote sustainable and long-term OSH prevention in GSCs. The Fund supports the establishment and enhancement of national work-related injury insurance

3 https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_573681/lang--en/index.htm [Accessed 10 Sep. 2018]

4 World Social Protection Report 2017-2019: Universal social protection to achieve the Sustainable Development Goals, ILO, 2017, p.63. Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_604882.pdf [Accessed 10 Sep. 2018]

The ILO facilitated the establishment of the compensation scheme as a neutral chair of the Rana Plaza Coordination Committee (RPCC) and provided advice to the Committee on the design and operation of the scheme in line with the ILO Employment Injury Benefits Convention, 1964 (No. 121), and with international good practice. See http://www.social-protection.org/gimi/RessourcePDF.action;jsessionid=DWjPCT3DTKigYPRYdIOdXarZgK4tE0T7x_lx5qh4htg06i_aMIR-!-473996673?id=50557. [Accessed 10 Sep. 2018]

5 The ILO has not yet adopted a set definition for the terms "global supply chains" (GSCs) and "global value chains" (GVCs). For the purpose of this report the two terms are used interchangeably.

schemes in producer countries, thereby diminishing the need for reactive compensation schemes in the event of a serious workplace tragedy.

“We must do everything we can to prevent tragic accidents like Rana Plaza in the future (...) The governments and companies of the G7 countries must be role models and pioneers in this field. (...) The Fund can especially help poorer countries invest in workplace safety and establish occupational accident schemes.”

German Federal Labour Minister Andrea Nahles, 9 June 2015⁶

1.1 A focus on supply chains

About 60 per cent of global trade today is organized within so-called GSCs.⁷ In their attempts to integrate into GSCs, developing countries typically focus on export growth in specific, labour-intensive sectors such as garments and textiles, electronics or agro-food processing. While the contribution of GSCs to global economic growth and job opportunities is evident, their impact on the living and working conditions and the safety and health of workers in developing countries raises important concerns.

“[F]ailures at all levels within global supply chains have contributed to decent work deficits in the areas of occupational safety and health, wages, working time, and which impact on the employment relationship and the protections it can offer. Such failures have also contributed to the undermining of labour rights, particularly freedom of association and collective bargaining. Informality, non-standard forms of employment and the use of intermediaries are common. The presence of child labour and forced labour in some lower segments of some global supply chains is acute. Migrant workers and homeworkers are found in many global supply chains and may face various forms of discrimination and limited or no legal protection. In many sectors, women represent a large share of the supply chain workforce, disproportionately represented in low-wage jobs in the lower tiers; they are too often subject to discrimination, sexual harassment and other forms of workplace violence.”

Follow-up to the resolution concerning decent work in global supply chains, par.3, ILO Governing Body, 328th Session, Geneva, 27 October – 10 November 2016⁸

⁶ https://www.ilo.org/wcmsp5/groups/public/@europe/@ro-geneva/@ilo-berlin/documents/genericdocument/wcms_414171.pdf [Accessed 10 Sep. 2018]

⁷ This figure refers to the share of global trade in intermediate goods and services and in capital goods, an indicator used by the OECD, WTO and the World Bank to measure the extent to which global trade is organized through GSCs. See UNCTAD, World Investment Report 2013, p. xxi Available at: http://unctad.org/en/PublicationsLibrary/wir2013_en.pdf [Accessed 10 Sep. 2018]

⁸ https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_545657.pdf [Accessed 10 Sep. 2018]

Reducing labour costs to be more competitive in global markets is a strong incentive for global buyers to outsource production to developing countries, where wage rates are invariably much lower. However, many developing countries lack legal frameworks to fully protect workers and/or lack the capacity to effectively enforce them. The business model of outsourcing production allows many enterprises to avoid state regulation or shift to sub-contractors and suppliers the responsibility for compliance with applicable labour standards, including OSH regulations and social security measures, such as employment injury insurance. Supply chains use multi-tiered sub-contractors, temporary employment agencies and licensing arrangements to manage demand cycles or reduce the cost of value-added production processes. Since small and medium enterprises (SMEs) often possess weak OSH risk-management systems, these practices tend to generate non-standard forms of labour, particularly self-employment and temporary work, and lead to precarious forms of employment that put workers at greater risk of injury and illness, and are characterized by scant opportunity for training, career progression and financial stability.

Lead manufacturing firms tend to favour short-term contracts with suppliers in order to reduce business risks and maintain maximum flexibility in sourcing decisions. Short-term and rapidly changing business relationships reduce incentives for suppliers to maintain a permanent workforce and invest in social and environmental compliance at factory level. These commercial relationships can therefore limit the ability of contractors/suppliers to invest in preventive OSH measures, including safety information and training. These problems are also aggravated by a lack of skilled and experienced labour, the low OSH capacity of SMEs and the low frequency with which they are inspected, all of which contribute to less secure and safe workplaces.

Even in GSCs, where many leading firms have pushed for improved OSH and social protection, the benefits of that upgrading are often limited to those companies that are fully integrated to global markets and not to companies who are only intermittently involved in production for export or to other similar supply chains. This undermines the capacity to harness the power of GSCs towards improved safety and health at work in developing countries and highlights two main bottlenecks:

- The lack of horizontal good practice sharing between actors at the same stage of production in developing countries;
- The limited understanding of the dynamics of GSCs by the authorities and institutions responsible for ensuring OSH compliance at country level and the lack of strategy and resources to harness their potential through adapted policies and programmes.

The consequences of these challenges for workers, their families, companies and society at large become dramatic in light of deficits in social protection coverage, including compensation of employment injuries. According to the World Social Protection Report 2014/15, only 39.4 per cent of the world labour force has legal recourse to employment injury mechanisms through a combination of mandatory insurance and employer liability.⁹ Effective access to

⁹ World Social Protection Report 2014-15: Building economic recovery, inclusive development and social justice, ILO, 2014. Available at: http://www.ilo.org/global/research/global-reports/world-social-security-report/2014/WCMS_245201/lang--en/index.htm [Accessed 10 Sep. 2018]

employment injury compensation is even lower in light of the weak enforcement of often poorly designed national legislation, low contributory capacities of employers and employees, lack of understanding of social insurance, and overly complex administrative procedures, among others.¹⁰ The Rana Plaza collapse of 2013 and the earlier Tazreen building fire of 2012 are among the recent demonstrations of the inadequacies of a compensation system based on employer liability. Governments and social partners alike are increasingly sensitive to the need to ensure that workers who are victims of employment injuries, as well as their families, have sufficient support for rehabilitation and are adequately compensated for lost income, all of which helps to preserve industrial peace and increase productivity and consumer confidence.

Against this background, the role that safe and healthy work environments play in building competitiveness is gaining importance as consumers, governments in developing countries and NGOs call for enhanced compliance in OSH and workplace injury compensation. For brands, the reputational cost of significant compliance failures in these areas can be significant and the recovery difficult. As a result, a plethora of supply chain initiatives have emerged involving coordinated actions between governments, social partners, the private sector and civil society, that implement varying approaches and seek to raise awareness on the need to promote and improve OSH in supply chains. These initiatives are built primarily on voluntary employer practices.

However, key challenges persist in driving increases in compliance given the control that buyers have over producers and suppliers, oftentimes entirely outside the scope of national compliance and enforcement mechanisms. This disconnect has hampered the development and effectiveness of sound prevention policies and programmes on OSH in supply chain enterprises in developing sourcing countries. Indeed, a consensus is emerging that unless technical support is provided to suppliers at the bottom of the supply chain to enable them to meet compliance requirements, the most vulnerable populations dependent on small businesses for their livelihoods may lose access to global markets.

Against this background, the ILO in 2016 adopted a Resolution Concerning Decent Work in GSCs,¹¹ as well as a Programme of Action 2017-2021 on Decent Work in GSCs. The latter identifies five areas of action, namely (i) knowledge generation and dissemination; (ii) capacity building; (iii) effective advocacy for decent work in GSCs; (iv) policy advice and technical assistance; and (v) partnerships and policy coherence. The work of the VZF is closely aligned, and contributes directly to the Programme of Action, in particular to action areas (i) and (ii). In future reports, the VZF's contribution to the work of the ILO in advancing decent work in GSCs will be discussed in greater detail.

10 World Social Protection Report 2017-2019: Universal social protection to achieve the Sustainable Development Goals, ILO, 2017, p.61. Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_604882.pdf [Accessed 10 Sep. 2018]

11 https://www.ilo.org/ilc/ILCSessions/105/texts-adopted/WCMS_497555/lang--en/index.htm [Accessed 10 Sep. 2018]

2. PROGRAMME OVERVIEW

2.1 Global strategy

In 2016, the Secretariat developed a 5-year global strategy (2017-2021) for the VZF, entitled “Vision Zero: Achieving a world without fatal or serious occupational accidents and diseases.” The Strategy was endorsed by the VZF Steering Committee (SC) in March 2017.

The Strategy envisions a world in which people’s lives are not lost due to their work, and promotes safe and secure working environments for all workers and appropriate employment injury protection for all, with a particular focus on workers and businesses in GSCs.

The VZF global strategy works towards achievement of its vision through a four-pillar strategy:

1. **Leadership:** Promoting leadership and commitment to Vision Zero on the part of governments, businesses and workers in both advanced and developing countries,
2. **Resources:** Mobilizing resources from all sources to support implementation, by those who have demonstrated their leadership and commitment to this objective, of initiatives to save lives at work and to strengthen the responsible institutions,
3. **Innovation:** Inspiring innovative and cost-effective approaches to improve OSH and employment injury protection, particularly initiatives which bring together public and private actors in GSCs and which lead to structural improvements in safety and health,
4. **Coherence:** Encouraging and supporting partnerships and cooperation within and amongst organizations at global level to act coherently and efficiently in support of Vision Zero.

The VZF Secretariat is working closely with *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) to develop and subsequently monitor performance indicators for all four pillars of the VZF Strategy.¹²

2.2 Objectives of the VZF: Strengthening Company-based Practices and Public Frameworks

The objective of the VZF is to work towards the vision of zero fatal and severe work-related injuries and diseases by improving OSH practices and conditions in sectors that link to GSCs as well as strengthening institutional frameworks such as labour inspectorates and employment injury insurance schemes in countries linked to such GSCs. As a result, VZF activities at country level will be focused on both the private and public spheres.

¹² See part 5 for more information on the role of the GIZ in respect of the monitoring of the VZF.

In the private sphere, the aim will be to implement targeted interventions with the goal of achieving sustainable practices to support safe and healthy working conditions at sector and company level, and to improve the linkages between enterprises and the social security system, in particular with the Employment Injury Insurance (EII) scheme. Specific activities will include development of OSH management systems, creation of company-based safety and health committees with worker participation, awareness raising and training, and establishment of or strengthening of occupational health services. Activities will include awareness raising amongst workers and employers on their respective rights and obligations, monitoring the payment of EII contributions, improving reporting of accidents and injuries, and ensuring that employment injury claims are timely filed and processed.

In the public sphere, the Fund will support programmatic activities in pursuit of safe and healthy working conditions, including development of public programmes that assist businesses in building their capacity to operate safe and healthy workplaces and development of worker skills related to safety and health. The Fund will work in three distinct, but inter-related areas: (i) strengthening the legislative framework on OSH and social insurance, in particular EII; (ii) improving the capacity of the regulatory authorities – primarily the labour inspectorate; and (iii) supporting the development of robust and effective EII schemes.

Appropriate and effective legislation and regulations, together with adequate means of enforcement, are key policy instruments for the prevention of workplace accidents and work-related injuries and diseases. VZF will assist countries in strengthening the legislative framework related to OSH and social protection, which includes technical advice on national laws, national policy and supporting regulations. Enforcement of workplace safety and health laws, and often of social security legislation, is the primary responsibility of labour inspectorates. Labour inspectorates also are responsible for assisting workers to understand their rights and employers to improve legal compliance in their workplaces. Labour inspection bodies often need to be strengthened in low-income countries and the Fund will support such efforts.

Finally, the Fund will support the development of EII schemes, which are usually the most desirable and durable mechanisms to protect the incomes of employees who suffer work-related injuries and diseases and to cover medical costs. These frameworks have the advantage of pooling risks arising from exposure of potential occupational injuries and diseases, among many different enterprises. However, labour force coverage is quite low in the growing number of emerging economies which are linked to GSCs. This points to an urgent need to work on creating, operationalizing and improving compliance with such schemes. The goal is to improve employment injury coverage through capable and self-financed social insurance mechanisms, including for workers in the informal economy. VZF will therefore support the design and creation of affordable and effective EII schemes.

2.3 Approach: each value chain is different and requires tailor-made interventions

The VZF acknowledges that each supply chain is different, requiring customized public and private interventions to achieve effective OSH compliance. To meet the overall objective of driving improved compliance in GSCs, as well as catalysts to foster synergies between GSCs and domestic industries, available evidence indicates that improved national legislation and its enforcement, as well as the provision of related key services (occupational health services, social protection mechanisms, injury compensation, OSH training and awareness initiatives) will be key contributors.

The VZF has therefore adopted a systematic approach. It starts in each VZF partner country with an inception phase, during which specific value chains are targeted and comprehensively assessed to inform the design of intervention models, which are implemented during subsequent project phases. This approach helps to identify the policy areas that have direct, if unintended, impacts on the safety and health of workers (e.g. ineffective access to health-care services and social protection schemes, piece count wage practices which promote physical exhaustion, etc.). Through its approach VZF intends to build a body of knowledge and actionable tools to drive improved OSH outcomes, and to disseminate this knowledge across its countries of operation and globally.

The value chain selection tool is adapted from the ILO-GIZ “Guidelines for Value Chain Selection: Integrating economic, environmental, social and institutional criteria”. It includes scoring criteria on the key factors that influence OSH outcomes. The tool allows for the selection of a value chain on the basis of need, interest and opportunity for OSH improvement, as well as the potential for replication to other sectors and supply chains. The broader institutional framework is also assessed.

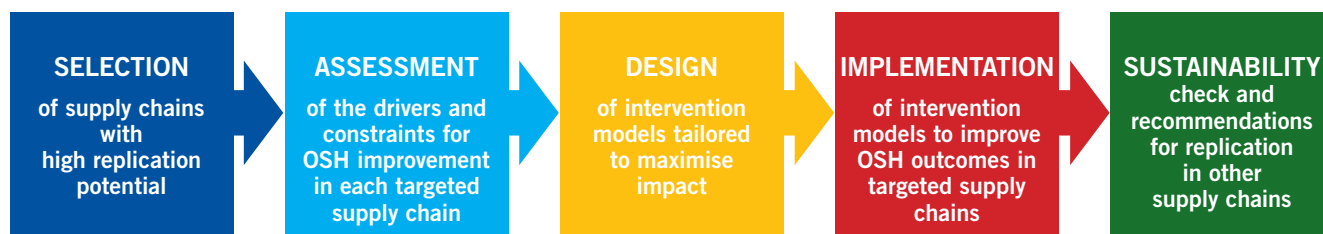
The assessment tool was developed by the “Joint ILO-EU project to improve knowledge base and safety and health in GSCs to support G20 work on safer workplaces”,¹³ and adapted from **the Market Systems Development for Decent Work** approach developed by the ILO. It allows for a holistic assessment that identifies: *i)* the main risks and vulnerabilities at different levels of the supply chain and its legal and institutional environment (including interaction between safety and health of workers and other working conditions, working hours, employment status, access to social protection, availability of EII services, access to skills development, etc.); *ii)* the commercial practices and policy gaps in which vulnerabilities are rooted; and *iii)* the main actors and their incentives and capacities to contribute to a solution.

The assessment tool, further developed in partnership with Cardiff University, provides the framework for developing a mix of interventions with which to engage a broad range of actors, including input and equipment providers, for the improvement of OSH in GSCs. This promising tool was recently tested in three supply chains, namely, coffee in Colombia,

¹³ https://www.ilo.org/safework/projects/WCMS_522931/lang--en/index.htm. [Accessed 10 Sep. 2018]

lychees in Madagascar and palm oil in Indonesia,¹⁴ and was piloted by VZF in Myanmar in 2017 within agriculture and garment value chains.

A graphic synopsis of the methodology is reproduced below.



2.4 The VZF Framework for Action

The VZF framework for action at global, country and enterprise levels is now fully developed and operationalized. Frameworks to guide country level projects interventions are carefully designed to align with and contribute to the global framework. In addition, to facilitate the sharing of lessons learned and research findings across VZF-funded projects, further coordination of existing VZF initiatives at global, regional and country project levels will be established and strengthened for improved policy coherence and sustainability.

Intervention area 1: Global level

VZF Global level activities described below have been designed to generate relevant knowledge, data and policies, and to mobilize and advocate for a public commitment to change at country level.

Specific Objective 1: Public and private sector stakeholders have improved knowledge and tools to prevent and reduce workplace-related deaths, injuries and diseases in GSCs.

Output 1.1 / Evidence base on workers' safety and health prevention, protection and compensation is strengthened

New and innovative research will notably cover the following issues: OSH and prevention for policy activities in GSCs, linkages between OSH and labour productivity, gender-based OSH risks in targeted GSCs, among others. Collaboration with ongoing ILO initiatives generating evidence on working conditions in GSCs (such as the Better Work Programme and others) will be sought.

¹⁴ Under the ILO's flagship programme on occupational safety and health (OSH GAP) and with funding from the European Commission (Directorate-General of Employment, Social Affairs and Inclusion).

Output 1.2 / Lessons learned on how to improve OSH outcomes in GSCs are widely disseminated

A communication and visibility strategy to raise awareness and mobilize global and country level support to prevent, protect and compensate workers against OSH risks in GSCs is implemented. The comprehensive communication and visibility strategy will inter alia develop communication materials including brochures, posters and a website to raise public awareness of the Fund. High level events will be held to present the Fund's research results and raise public awareness of the specific topics covered. A detailed private sector engagement strategy will also be developed to attract private sector contributions to the VZF.

Output 1.3 / Lessons learned and good practices from country level operations are documented, disseminated and replicated to improve effectiveness of interventions

Dissemination of lessons learned will take several forms, including global and/or regional learning and knowledge sharing forums and meetings of experts and relevant stakeholders. It will improve country intervention effectiveness to prevent, protect and compensate workers against OSH risks in GSCs.

Intervention area 2: Country level

Partner countries will be identified on the basis of a number of pre-established criteria, including the joint commitment of businesses, government, the social partners and other relevant stakeholders to support action plans for specific industries, sustainability compacts or similar agreements.

Proposals for specific activities or projects will be assessed against pre-established Fund criteria (see part 2.5 of the report for more details). Once partner countries have been selected, country projects (including logical frameworks, work plans and indicators) will be designed in collaboration with the government, social partners, and other key stakeholders, particularly those operating at the sectoral level such as non-governmental organizations providing OSH services to the workers in agriculture sector and chambers of industries and industrial associations representing multi-national enterprises. The identification of the key stakeholders will differ from country to country and will be based on a mapping exercise at the project design stage.

Specific objective 2: More workers have access to improved prevention, protection and compensation from OSH risks through adequate policy frameworks, strengthened enforcement capacity and effective occupational health and compensation mechanisms.

Output 2.1 / Drivers and constraints for OSH improvements in supply chains, including their legal and institutional environment in selected producing countries, are assessed and intervention models are developed to inform country and enterprise level activities.

Output 2.1 / will be systematically implemented at the start of country projects so as to define with precision the mix of intervention (at workplace, industry, institutional or policy level) needed to improve the safety and health of workers for each targeted supply chain. The assessment tool which will be used to complete output 2.1 was developed by the “Joint ILO-EU project to improve knowledge base and safety and health in GSCs to support G20 work on safer workplaces”.¹⁵

The methodology allows for a holistic assessment that identifies: i) the main risks and vulnerabilities at different levels of the supply chain and its legal and institutional environment (including inter-connection between safety and health status of workers and other related working conditions such as working hours, status in employment, access to social protection, access to compensation, access to skills development, etc.); ii) the commercial practices and policy gaps in which vulnerabilities are rooted; and iii) the main actors and their incentives and capacities to contribute to a solution.

On the basis of that analysis, intervention models will be developed in the areas of: i) legal framework and enforcement mechanisms for OSH compliance as well as prevention, protection and compensation mechanisms (specific objective 2, outputs 2.2 to 2.6); and ii) enterprise-level interventions (specific objective 3).

VZF country projects will be comprised of an inception phase during which this assessment process is conducted in order to inform the design of intervention models, to be implemented during the subsequent project phases.

Output 2.2 / Legal and policy frameworks that impact OSH outcomes are reinforced

In order to improve the legal and policy framework related to the selected supply chain, the following activities will be implemented when relevant: detailed legal gap analyses on relevant International Labour Standards (ILS), action plans, legal advisory services, capacity building of relevant constituents and support to related social dialogue mechanisms.

Output 2.3 / Enforcement mechanisms are strengthened in targeted supply chains

In order to strengthen the enforcement mechanisms, the following activities will be conducted: labour inspection assessments of OSH and social security inspectorates will be carried out as applicable and strategic compliance plans to address prioritized compliance issues related to OSH will be developed and implemented by constituents with VZF support. These activities will be implemented using ILO tools such as the Labour Inspection/OSH Information Management System Assessment tool, the Labour Inspection Assessment tool and the Strategic Compliance Planning Toolkit.

The Labour Inspection/OSH Information Management System Assessment tool allows for the assessment of the manner in which Labour Inspectorates currently collect and analyse OSH data, and for the development of concrete proposals for improvement. Hence, implementing this tool through output 2.3 contributes to the ability of countries to collect and analyse OSH disaggregated data.

¹⁵ https://www.ilo.org/safework/projects/WCMS_522931/lang--en/index.htm [Accessed 10 Sep. 2018]

In addition to this output 2.3, which focuses on enforcement authorities, typically the Labour Inspectorate, output 2.5 and output 3.3 also support improved ability to collect and analyse OSH data through:

- Coordination of data collection and analysis between the several institutions that collect them, such as social security schemes and labour inspection for example;
- Improved recording of accidents and diseases at company level.

In undertaking those activities under outputs 2.3, 2.5 and 3.3, country projects will promote relevant ILO standards and in particular Conventions 155, 161, 187 and the 2002 Protocol to Convention 155 on Recording and Notification.

Output 2.4 / Access to preventive health services is improved in targeted supply chains

In order to improve access to preventive health services, the following activities will be carried out: mapping of institutional capacities on occupational health services and preventive medicine in the selected GSCs, followed by interventions to improve service access and quality as required.

Output 2.5 / Coordination among prevention, protection and compensation mechanisms is improved in targeted supply chains

In order to improve or establish coordination mechanisms, tools to identify optimal financing strategies for prevention and compensation mechanisms will be developed, and mechanisms to improve coordination and financing will be piloted and scaled up.

Output 2.6 / Compensation for workplace accidents and diseases is strengthened in targeted supply chains

To protect the incomes of workers and their families who suffer work-related injuries, diseases and their consequences and ensure effective access to affordable medical care, the following activities will be carried out as necessary:

- Where no compensation mechanism for work accidents and diseases exists, national EII mechanisms or equivalent protection are established and integrated into national social protection mechanisms and articulated into national prevention policies and incentives based on good practices and social dialogue.
- Where compensation mechanisms exist, national legislation and administration is reinforced to support national prevention policies through integrated functions, where appropriate, and by promoting economic incentives for investment in prevention and compliance.

As EII schemes are only one element in a larger social security system, their strengthening may necessarily require interventions that target the social security system as a whole (for instance, when examining benefit delivery mechanisms, claim processing, reporting systems and awareness programmes). As a result, VZF country projects will as far as possible develop partnerships with other relevant social protection projects.

Intervention area 3: Enterprise level

Enterprise level activities will be designed based on the results of the assessment (see part 2.1 of the report for more details), and will encompass a range of improvements at company level driven by identified needs and opportunities.

For the implementation of enterprise level activities, VZF country projects will work closely with other relevant ILO projects and Flagship programmes such as OSH-GAP, Better Work, Sustaining Competitive and Responsible Enterprises (SCORE) and The Lab. Through its market systems approach, The Lab works to address decent work deficits (including OSH) in value chains, most often at SME level.¹⁶ Synergies between The Lab's work and VZF will be sought to maximize the impact of activities at the lowest tiers of GSCs. Training tools on OSH compliance, workplace collaboration, OSH for SMEs, and gender equality will be developed or adapted for the different sectors and countries.

The VZF's main approach with larger enterprises is to build capacity and promote social dialogue through bilateral workplace collaboration committees such as OSH committees. The objective here is to strengthen social dialogue, and improve the knowledge and awareness of both workers and employers, and support evidence-based management of OSH related issues. In countries targeting the garment sector, VZF will collaborate closely with Better Work to support and add value to their factory level interventions on advising and training management and workers on OSH.

SMEs will also benefit from similar support; the targeted trainings and technical capacity building will be based on existing ILO methodologies designed specifically for SMEs to improve OSH in small enterprises and with homeworkers (e.g. Work Improvements in Small Enterprises (WISE), Work Improvement in Neighbourhood Development (WIND), and Work Improvement for Safe Home (WISH)).

To minimize duplicating the work of other development cooperation projects (including ILO projects) within each of the countries, particularly regarding trainings and capacity building, the VZF focus will be on coordination and knowledge sharing. Consequently project objectives, priorities and work plans will be developed and implemented in collaboration with the ILO country office and with related development cooperation projects.

Specific objective 3: Sustainable safe and healthy working conditions and practices at industry and enterprise level in partner countries are reinforced

Output 3.1 / Targeted and innovative enterprise and sector/industry level interventions are further designed and implemented

As opportunities for risk elimination and reduction are identified, activities to promote sustainable safe and healthy working conditions and practices will include: low cost physical improvements (infrastructure, equipment, workplace organization, etc.) with a special focus

¹⁶ <https://www.ilo.org/empent/Projects/the-lab/lang--en/index.htm>. [Accessed 10 Sep. 2018]

on gender-based risks and needs (especially related to potential harm during maternity and breast feeding); responsible procurement practices of lead firms and lower tier suppliers, accompanied by transfers of expertise on OSH; integration of adapted OSH standards within private compliance initiatives and fora; collaborations with input providers (particularly chemicals and equipment) towards safer input management at company level.

Output 3.2 / The capacity of constituents to improve OSH in targeted workplaces level is improved

The following activities will be implemented to improve OSH in selected workplaces: the establishment or strengthening of enterprise-based safety and health committees, the development and implementation of OSH awareness campaigns for employers and workers, the implementation of training activities for employers and workers (including in Technical and Vocational Education and Training (TVET) curricula) and the implementation of measures to improve OSH risk management.

Output 3.3 / Mechanisms for accurate recording and notification of occupational injuries and illnesses are strengthened

In order to strengthen mechanisms at the enterprise level, existing regulatory frameworks and practices will be analysed and proposals will be made and implemented in close collaboration with employers' and workers' representatives. In appropriate cases, the VZF will support improvement and simplification of compensation claim mechanisms, which often call for unnecessarily complex and repetitive declarations.

2.5 Focus: selection of countries and supply chains

The ILO is the exclusive implementing agency for projects funded by the VZF. The VZF receives contributions and the VZF Secretariat is responsible for the development and implementation of projects. ILO technical units/Country Offices/Regional Offices may develop and submit project proposals either upon invitation by the VZF Secretariat or on their own initiative.

The VZF targets a selected number of partner countries and target sectors linked to global value chains (GVCs) for its activities. Focus criteria will be used to identify countries that are eligible for Fund activities. Criteria for partner country selection include the following:

- Least Developed Countries, other Low Income or Lower Middle Income Countries according to OECD-DAC eligibility;
- Synergies with existing ILO interventions on GSCs;
- Requests from and expressed interest by beneficiary country, national social partners and private sector in GSCs, through Decent Work Country Programmes and/or through direct communication/consultations with the VZF Secretariat;

- Assessed commitment by all relevant stakeholders, including the government and social partners, to apply principles of relevant ILO standards on prevention, workplace safety and ILO fundamental principles and rights at work, and to develop social dialogue in their implementation;
- Potential synergies with complementary activities already in existence or planned and with existing capacity development measures and support framework;
- Specific recommendations from ILO, VZF Strategy Council, VZF contributors and other development partners. This also includes recommendations from other competent institutions addressing workplace prevention and OSH.

Criteria for supply chain selection include:

- Sectors forming part of employment-intensive GSCs (e.g. textile/ready-made garment, footwear, electronics, agri-food processing, mining, etc.);
- Sectors that are prone to decent work deficits, in particular safety and health deficits;
- Sectors that feature work processes that are particularly hazardous;
- Sectors relevant to national and international companies' responsible business practices;
- Specific recommendations emanating from the VZF Strategy Council. This includes a specific focus on those sectors in which the members of the Strategic Council/or/ donors of the VZF have specific leverage namely through trade policies and/or political dialogue;
- Sectors in which it is feasible to intervene. Feasibility will be evaluated through the supply chain selection tool developed under the "Joint ILO-EU project to improve knowledge base and safety and health in GSCs to support G20 work on safer workplaces" (selection factors include avoiding duplication of existing initiatives, stakeholders' capacity, priorities and willingness). Synergies will be explored with existing ILO Projects intervening in sectors with a strong need for OSH improvement;
- Sectors where there is opportunity for market growth within the global market or within the country. In general, stakeholders have a higher propensity to address decent work issues in dynamic sectors with growth potential;
- Specific recommendations emanating from ILO and/or other competent institutions dealing with prevention and OSH.

Based on these criteria, a non-exclusive list of potential partner countries and sectors has been drawn up and is periodically updated. Activities with a regional scope (more than one country) may also be proposed to the VZF Steering Committee if the countries covered correspond to the criteria for country/sector selection described above.¹⁷

While strengthening national institutions is an essential component of the VZF strategy, initial progress will be improved through a focus of VZF interventions on particular sectors within GSCs, where the leadership and strengths of global companies, allied to national

¹⁷ Projects with a regional focus are currently being developed and more detail will be provided in the next annual report.

suppliers, provide greater opportunities for positive impact. Under this strategy, sectoral work will be used as an entry point for improving national systems, and the narrow initial focus will facilitate cross-country comparisons.

During the period under review, the Steering Committee formally approved VZF projects in five countries: Ethiopia, Madagascar, Myanmar, Lao PDR, and Tunisia. Two projects commenced operations during the reporting period, namely VZF Madagascar, and VZF Myanmar. While preparations for the commencement of activities in Ethiopia, Lao PDR and Tunisia have been undertaken during the reporting period, operations in those countries will launch in 2018.

2.6 Governance

The VZF Framework Document envisaged that the governance structure of the VZF would have three main components: *(i)* the VZF Administrator (the International Labour Office), which would house the VZF Secretariat, *(ii)* a Steering Committee (to the Administrator); and *(iii)* a Strategy Council. Each of these components will be discussed in turn.

2.6.1 Administrator / Secretariat

The International Labour Office (ILO) was appointed as Administrator and implementing agency of the Fund's projects. The VZF Framework Document envisaged that the Administrator would establish a VZF Secretariat to act as the focal point for all technical, operational, reporting and financial matters relating to the VZF. The Secretariat would provide support to the VZF Steering Committee and the VZF Strategy Council. The Framework Document further envisaged that the VZF Secretariat would be led by a VZF Programme Manager, who would be appointed by the ILO following consultation with the Steering Committee.

The VZF Programme Manager, Mr Ockert Dupper, formally began his role on 1 June 2016. In July 2016, the Steering Committee approved the appointment of a Programme Officer and a Financial and Administrative Assistant, both on a 50 per cent basis. The Steering Committee further placed an initial six months limit on the Programme Officer position. The part-time Programme Officer, Ms Sara Park, started her position on 1 August 2016, and the part-time Financial and Administrative Assistant, Ms Evelyn Elsaesser, joined the VZF Secretariat on 1 September 2016. Significant administrative and technical support was also received from both the Governance and Tripartism Department as well as the Labour Administration, Labour Inspection and Occupational Safety and Health (LABADMIN/OSH) Branch of the ILO. Ms Park left the VZF at the end of December 2016, and, in March 2017, the Steering Committee approved the establishment of a full-time Programme Officer position in the VZF Secretariat. Ms Lou Tessier assumed that position at a 50 per cent basis on 1 July 2017 and then began full-time as of 1 January 2018.¹⁸

¹⁸ Ms Tessier left the VZF at the end of July 2018.

2.6.2 Steering Committee

The VZF is governed by a Steering Committee. The VZF Steering Committee decides on the allocation of VZF funds and the selection of countries and reviews the progress of country and sector projects, amongst other functions. The VZF Framework Document envisaged a five member VZF Steering Committee: two seats would be taken by nominees of the major donors to the VZF; a third seat would be drawn from the government members of potential recipient countries serving on the ILO Governing Body; a fourth seat is allocated to an independent expert drawn from the Strategy Council and nominated by the other members of the Steering Committee; and a fifth seat would be held by the VZF Administrator.

During the reporting period, the VZF Steering Committee consisted of the following members: Germany and the United States (representing the major donors to the Fund), the European Commission (representing the independent expert), Mr Erhan Batur from Turkey (representing the government members of potential recipient countries serving on the ILO Governing Body), and Mr Moussa Oumarou, representing the VZF Administrator (ILO). Formal Terms of Reference (ToR) for the Committee were drawn up and approved by the Steering Committee in July 2016.

The VZF Steering Committee met a total of eight times over the reporting period. Meetings took place primarily in person or via video conference, and one meeting was conducted via e-mail. Briefing materials, including a Programme Manager's report, were distributed to members prior to meetings, and detailed minutes were prepared.

The Steering Committee has been instrumental in making the VZF operational. This included establishing the VZF Secretariat, defining the parameters of the VZF Strategy, developing the Fund's overall framework for action, and guiding the Fund through decisions involving the selection of partner countries and sectors, resource allocation, stakeholder engagement, as well as recruitment of new members.

Membership of the Steering Committee remained stable over the reporting period, with the exception of France joining as a new Steering Committee member in September 2017. With several new donors also joining the VZF in 2017 (France, Norway, Sweden, and Siemens - see part 2.8 of the report), it has become apparent that the role and composition of the Steering Committee should be reviewed if it is to remain agile and efficient. Discussions on these issues took place at the September 2017 Steering Committee meeting, where the possibility of establishing a threshold for membership was raised. Since this issue surfaced broader questions about the VZF's overall governance structure, including the role and composition of the Strategy Council, it was decided to postpone the matter for further discussion in 2018.

2.6.3 Steering Committee Plus (SC+)

The VZF Framework Document anticipated that the Fund's Governance structure would be transparent, cost-effective and flexible, and ensure broad ownership through the representa-

tion of principal stakeholders and donors. With the aim of strengthening the involvement of workers and employers in VZF, the VZF Steering Committee proposed the establishment of an additional governance structure, namely the Steering Committee Plus (SC+).

In addition to the members of the Steering Committee, SC+ membership includes global worker organizations (in particular the International Trade Union Confederation (ITUC) and IndustriALL Global Union), global employers' organizations (represented by the International Organization of Employers (IOE)), as well as representatives from the ILO's Bureau for Workers' Activities (ACTRAV) and Bureau for Employers' Activities (ACTEMP). The first meeting of the SC+ took place in February 2017, and a total of three SC+ meetings were held over the reporting period. These SC+ meetings provided opportunities to engage in discussions on how best to incorporate the voices of workers and employers in VZF global and country-level work, as well as, VZF engagement with workers' and employers' organizations in VZF partner countries.

2.6.4 Strategy Council

The VZF Framework Document envisages that a VZF Strategy Council will be established and provide high-level strategic guidance to the VZF Secretariat and the Steering Committee on matters related to achieving the VZF's framework of action and objectives. Formal Terms of Reference (ToR) for the Strategy Council were approved by the Steering Committee in July 2016. The ToR anticipates that the number of Strategy Council members will vary based on overall funding volume and the number of donors. It was suggested that members will be drawn from VZF donors; VZF partner countries; academic institutions; research institutes or individuals who have distinguished themselves in areas relating to OSH and social protection; employers' and workers' organizations; and other relevant international organizations, such as the World Health Organization (WHO). During the reporting period, a discussion ensued in the Steering Committee on whether the Strategy Council could be replaced by an annual high-level VZF event. In the end, consensus emerged that an annual VZF event should only be held once sufficient evidence of VZF impact has emerged. In the meantime, the Secretariat and the Steering Committee should continue discussions on the establishment of the VZF Strategy Council, in particular on its role and composition.

2.6.5 Internal ILO Governance

With the assistance of the LABADMIN/OSH Department, VZF has been instrumental in bringing together different branches, units and departments in the ILO to ensure that VZF activities are closely coordinated to avoid duplication and overlap. This internal consultation and coordination has informed VZF operations and selection of tools, and resulted in the development of a coordinated ILO programme involving multiple ILO units and departments in Ethiopia's garment and textile sector.

2.6.6. Governance at national level

Finally, it is envisaged that National VZF Committees will be established in each VZF partner country to ensure continuing engagement, dialogue and ownership by national stakeholders, including on the specific approaches to be taken. Where appropriate, these may be sub-committees of existing bodies, e.g., national tripartite consultative bodies or national committees overseeing the implementation of the ILO Decent Work Country Programmes (DWCP). In Myanmar, the VZF was instrumental in establishing a national tripartite Project Consultative Committee (PCC), which serves as a platform for information sharing, input gathering, and partnership building related to all ILO Myanmar OSH and related projects.¹⁹

2.7. Financial mechanism

Contributions to the VZF Multi-Donor Trust Fund (MDTF) may be accepted from governments of Member States, intergovernmental or non-governmental organizations, and from private sources including companies, foundations and individuals.

Acceptance of funds from the private sector are guided by criteria stipulated in the ILO guidelines on cooperation between the ILO and private sector, which stipulate that all engagement with the private sector should be in conformity with ILO principles and values, and entered into with a view to advancing the Decent Work Agenda.

In support of the overarching aim of the VZF, and to ensure maximum flexibility and low administrative costs, a guiding principle for resource mobilization is that donors are encouraged to contribute with multi-year pooled/non-earmarked resources. In cases where this is not possible, country or sector specific earmarking may also be accepted for implementation under the VZF framework. In addition, donors are also able to make an “in-kind” contribution to a VZF-funded activity, provided it is integrated into the relevant project implementation.

All resources made available to the fund are administered in accordance with the ILO’s regulations, rules, directives and procedures. The Fund is subject exclusively to ILO’s internal and external audit procedures provided for in ILO regulations, rules, directives and procedures.

¹⁹ This includes the closely related Safe Youth at Work (SY@W) project, funded by the USDOL contribution to the VZF. See https://www.ilo.org/safework/projects/WCMS_516592/lang--en/index.htm. [Accessed 10 Sep. 2018]

2.8 Funding

By the end of the reporting period, VZF had a total of six government and intergovernmental donors, and one private sector donor. The VZF donors are (in alphabetical order):

Government and intergovernmental donors

- European Commission
(Directorate-General for International Cooperation and Development – DG DEVCO)
- France
- Germany
- Norway
- Sweden
- United States²⁰

Discussions with the UK Department for International Development (DFID) regarding the contribution of the United Kingdom to the VZF was initiated during the period under review. More detail on the outcome of these discussions will be provided in the next annual report.

The Steering Committee has been engaged in discussions on the respective roles and responsibilities of the VZF Secretariat, the VZF Steering Committee as well as the ILO towards VZF resource mobilization. A consensus emerged: the responsibility to raise the profile of the Fund and attract new donors should be a shared one and not be undertaken exclusively by the VZF Secretariat.

Private sector donors

In 2017, Siemens became the first private sector donor to the Vision Zero Fund. Siemens made a direct financial contribution to the VZF trust fund, earmarking a small amount of their overall contribution to the VZF project in Ethiopia. More information about the project in Ethiopia can be found in section 3.3 of this report.

In order to broaden the base of private sector donors to the Fund, the VZF Secretariat is developing a comprehensive private sector engagement strategy, and exploring opportunities to promote VZF to multinational corporations either directly or through industry associations, multi-stakeholder initiatives or national employer bodies. In this regard, a number of initiatives have been undertaken. First, comprehensive company profiles of multinational companies and buyers in the garment, textile and agriculture supply chains have been compiled. Second, the VZF has supported research into the sustainable sourcing policies of multinational enterprises (MNEs) as well as standards adopted by private compliance initiatives (PCIs) in these

²⁰ The USDOL's contribution to the VZF has been allocated to Myanmar through the SY@W, which is operating in close collaboration with the VZF. The SY@W Project in Myanmar is implementing a project in the construction and agriculture sectors and aims to promote the OSH of young workers, with a focus on those aged 15 to 24. For more detail, please see https://www.ilo.org/safework/projects/WCMS_516592/lang--en/index.htm. [Accessed 10 Sep. 2018]

sectors, with a particular focus on OSH. The research study identified numerous entry points for VZF engagement with the private sector as well as opportunities for further research. Third, the VZF Secretariat is developing suitable and tailor-made communication materials for private sector engagement, which includes the development and roll-out of a new and dynamic VZF website as well as articulating strategies to more effectively use social media to promote the Fund.

During the period under review, VZF also engaged bilaterally with a number of potential private sector donors, and the Programme Manager addressed the ILO and CSR Committee of the German Employers' Association in May 2017. The Secretariat is actively working with the ILO's Bureau for Employer Activities (ACTEMP) as well as with the International Organization of Employers (IOE) to explore additional opportunities for such engagement.

3. COUNTRY LEVEL ACTIVITIES

3.1. Myanmar²¹

The VZF project in Myanmar commenced operations in May 2017, and is expected to conclude in April 2020.

The expected outcome of the first phase of the project was to devise innovative intervention models to improve OSH in selected supply chains. This was done through the selection and assessment of selected supply chains, and co-construction of evidence-based intervention models that effectively address constraints and enhance drivers for OSH, at both policy and industry levels. The intervention models include a number of different actions at workplace and policy levels as per the assessment results.

During the reporting period, the project achieved the expected outputs and successfully completed the design of intervention models. Mariana Infante, the Project Manager, was recruited in May 2017. The induction, recruitment of the team, and set up of the office were completed by the end of June with the exception of the administrative assistant and driver, who joined in September. The project team selected and assessed two value chains, and identified intervention models based on that evaluation. This phase was successfully completed by the end of November 2017. A first set of Project documents outlining the second phase of the project were finalized by December 2017.

The project played a central role in the engagement of the ILO Myanmar Office on OSH. The project supported the creation of a Project Consultative Committee (PCC) facilitated by the Project Manager. The PCC is chaired by the Factories and General Labour Laws Inspection Department (FGLLID) of the Ministry of Labour, and members include relevant line ministries, and workers' and employers' organizations. The PCC allows the project to engage national stakeholders in a coordinated manner on OSH, facilitating guidance and ownership of project activities. The PCC met twice during the reporting period: the first meeting in June 2017 was devoted to the establishment of the body, and the subsequent meeting in October 2017 provided the first opportunity for the PCC to perform its main function, namely providing guidance to the various OSH projects under the auspices of the ILO (i.e. the present project funded by the VZF Initiative, the SafeYouth@Work project, the Youth4OSH Project and the ILO-Korea Partnership on OSH).

The project selected, assessed and identified intervention models in one agricultural supply chain using the methodology developed under the joint ILO-EU project on OSH in GSCs. The ginger value chain was selected in August 2017 after a thorough desk review, meeting with partners, and a field trip to Shan State²² to assess a number of potential value chains on which to focus. Subsequently, the team conducted a value chain OSH risk assessment

21 https://www.ilo.org/safework/projects/WCMS_563285/lang--en/index.htm. [Accessed 10 Sep. 2018]

22 Shan State is the most important agricultural production state in Myanmar, with a wide range of products and value chains, and with strong presence of development agencies and value chain actors (e.g. agrochemical retailers)

in September 2017, identifying several work hazards along the supply chain. A total of 80 farmers in four villages of different ethnicities (Shan, Danu, and Pa-O) of which 41 per cent were female were rapidly surveyed through a “dot survey”²³ to assess their level of awareness on OSH (mostly low) and risk exposure (high in cases of chemical exposure, musculoskeletal injuries and exposure to extreme weather conditions). Lastly, the Project conducted a Ginger Stakeholders’ Meeting in Aung Ban, Shan State, on 24 October 2017 to validate assessment results and inform the design of interventions.²⁴ In total, 90 stakeholders from the ginger supply chain participated in the workshop, which was conducted with technical support from Winrock International, VZF’s partner in its work in the ginger value chain in Shan State. A Memorandum of Understanding (MoU) is expected to be signed during the next reporting cycle.

The team started its work in the garment supply chain in mid-September through a mapping of stakeholders and initiatives, a review of existing OSH risk assessments, and the identification of interventions models. While the garment sector is a crowded field in Myanmar, with a number of donors involved in several activities, including OSH, the Project identified several areas of intervention that complemented existing initiatives. These were identified via a thorough desk review, factory visits, which included discussions with HR managers and workers, meetings with development partners, and a validation session in the Garment Sector Coordination Meeting held on 8 December 2017, during which the findings were presented and verified.

Detailed interventions were identified and designed for both value chains and an implementation plan was finalized by the end December 2017. More detail on the progress made in implementing the identified interventions will be provided in the Fund’s next annual report. For more detail on the main findings of the assessments conducted during Phase 1 of the project, please see Box 1 below.



Source: Excerpt taken from the video “Myanmar: ILO makes ginger farming safer and more productive”.

Available at: https://www.ilo.org/yangon/multimedia/WCMS_633299/lang--en/index.htm [Accessed 10 Sep. 2018]

23 With stickers placed in tarpaulins to signal their responses. The team disaggregated results by female and male respondents.

24 For more event details, please see https://www.ilo.org/yangon/press/WCMS_621563/lang--en/index.htm. [Accessed 10 Sep. 2018]

BOX 1

The assessments carried out during this first phase, along with the identification and participatory design of interventions, contribute to achieving the development objective of the project through relevant, context-specific interventions, that will be implemented during the second phase with the active involvement of key stakeholders in both selected value chains. The results of this first phase validate the two-phased approach adopted by the project.

The first phase revealed clear market-based opportunities in both ginger and garments/textile value chains to achieve sustainable improvements on OSH outcomes:

- In the ginger value chain, continued incremental growth in the dried ginger processing sector could most likely underpin the long term sustainability of the Myanmar ginger industry as well as provide a viable pathway for the promotion of better working conditions and access to social protection. Higher value-added in the form of a differentiated product (e.g. organic or Global Good Agricultural Practice (GAP) certified), even for fresh ginger, can potentially provide ginger farmers with higher incentives to decrease exposure to harmful agrochemicals and comply with higher standards of safety and health. Helping farmers establish structures that can host OSH services (i.e. to identify hazards and devise control measures) and help them access certification and an increased bargaining power (e.g. farmers groups or cooperatives) could be market-based vehicles for the sustainability of OSH outcomes. Lastly, capacity support to institutions and agents in charge of OSH services (e.g. Department of Agriculture) on awareness raising and information provision can help improve the connection between ginger workers and supporting functions.
- In the garments and textile value chain, evidence collected during the first phase revealed that an increased integration of locally-owned factories into GSCs presents opportunities to improve OSH outcomes, protection of workers, growth of the industry, and acceleration of the move towards Freight on Board production. Broader knowledge exchanges between export-oriented and non-export factories in Myanmar should be pursued. Information gaps on the extent of OSH and social security issues (e.g. access to compensation), particularly in locally-owned factories, should be filled in a way that better support factories in the quest to integrate into the global supply chain (e.g. particular hazards common in locally-owned factories and the business case to address them). In addition, knowledge exchanges with countries in later stages of garment sector development such as Bangladesh, can serve as potential lessons for Myanmar.
- The first phase results illustrate the importance of the institutional supporting functions on OSH and social security. Firstly, information and awareness on those functions could be greatly enhanced in Myanmar, with a particular positive impact expected in the garment value chain, which is highly formalized, as well as in the processing stage of the ginger value chain. The future enactment of the OSH Law offers opportunities to engage with technical functions of the OSH system that are currently disconnected or underserved by external support. Interviews with stakeholders revealed that despite training options to employers and workers, some hazards need more structural responses. The function of labour, OSH, boiler, and electrical inspectors could be enhanced to promote a culture of safety and compliance with OSH regulations. While FGLLID is already being supported by several initiatives, the Boiler and Electrical Inspection Departments of the Department of Industrial Supervision and Inspection (DoISI) of the Ministry of Industry receives little support. Activities that aim to unify criteria, case-definitions, improve the notification, recording and reporting system, as well as the sharing of data among institutions like FGLLID (labour inspectorate) and the Social Security Board (SSB, in charge of compensation) should be pursued. Lack of awareness of procedures to access benefits in the case of accidents and diseases, coupled with weak enforcement of current regulations should be addressed by providing support to the SSB and the Department of Environmental and Occupational Health in facilitating access to the social security system (including the compensation scheme), developing guidelines to promote compensation for occupational diseases, and promoting the provision of occupational health services. Support to business associations such as MGMA, as well as trade unions could greatly benefit workers protection, access to information and training on OSH and social security, and higher integration of Myanmar factories into better markets that reward OSH investments.

Based on these findings and identified courses of action, the second phase of the project, which commenced in January 2018, is well equipped to make a significant contribution to the Vision Zero Fund objective of reducing the number of work-related fatalities and accidents and occupational diseases, and support access to mechanisms to adequately compensate victims and their families in global supply chains in Myanmar.

3.2 Madagascar²⁵

In September 2017, the Steering Committee approved a VZF project in Madagascar. In addition to meeting the criteria for partner country selection, an important rationale for the approval of the project was to build on the significant work that the ILO had already done in Madagascar to improve OSH outcomes in the lychee value chain.²⁶ Under the auspices of the latter project, the value chain assessment methodology, subsequently adopted by the VZF, was piloted in the lychee value chain, and intervention models to improve OSH outcomes in the sector were designed in consultation with stakeholders. This provided an opportunity for the VZF to (i) support the implementation of the designed interventions endorsed by the Madagascar constituents, and (ii) pilot the assessment methodology in the garment and textile value chain. Utilising and adapting the comprehensive assessment methodology, the mapping of the garment and textile sector and its support functions was completed in December 2017. This included consultations with institutional support functions and social partners as well as field research (interviews, focus groups, and workplace observations).

In the lychee value chain, numerous activities under the auspices of the VZF took place during the reporting period. This included the following three pilot activities:

- Training of all supervisory staff on safety and health at work;
- Conducting surveys to measure productivity and record incidents and accidents at three treatment stations;
- Raising awareness amongst certified lychee producer groups of safe harvesting practices.

These activities highlighted the following gaps and potential opportunities for VZF support:

At the treatment stations level

- There is an absence of systems to record incidents and accidents as well as an absence of health and safety committees;
- Treatment stations currently do not measure productivity, which would provide insight into the impact that the organization of work has on OSH outcomes;
- Occupational health services tend to focus on curative care for workers and their families rather than on preventive health services. In addition, a distinction is often drawn between permanent and seasonal workers, with the latter often excluded from occupational health services;

²⁵ The final report of the project (GLO/15/39/EUR) articulated the synergies as follows: “In Madagascar the Vision Zero Fund is implementing with the stakeholders of the lychee value chain a project on OSH based on the recommendations of the research and stakeholder engagement conducted under the ILO-EU project on OSH in Global Supply Chains. In October and November 2017, the VZF project in Madagascar implemented pilot interventions designed under the ILO-EU project in the lychee value chain, which were also highlighted during the launch of the case study on drivers and constraints for OSH in the lychee value chain on 14 December 2017 organized by the ILO-EU project in the presence of the Director of the ILO Country Office, the Ministry of Labour, the European Union, the Centre Technique Horticole de Tamatave (CTHT), the Lychee exporters’ group, social partners and the press.” For more information on the VZF project in Madagascar, see https://www.ilo.org/safework/projects/WCMS_616166/lang--en/index.htm. [Accessed 10 Sep. 2018]

²⁶ The project was conducted under the auspices of the ILO’s flagship programme on occupational safety and health (OSH GAP), in particular the ILO-EU project to improve knowledge base on safety and health in GSCs to support G20 work on safer workplaces. For more detail, see https://www.ilo.org/safework/projects/WCMS_522931/lang--en/index.htm. [Accessed 10 Sep. 2018]

- There is a general lack of awareness among staff of procedures that need to be followed in the event of an accident at work;
- Certification standards on OSH have limited impact on the root causes of non-compliance.

At the producer level

- Trees are often not maintained or pruned, which creates significant OSH hazards during the harvest season (fall from heights). Exporters have agreed to finance a tree-replanting programme that will result in the reduction of tree sizes and for the adoption of good OSH practices more broadly;
- Neither accidents at work nor occupational diseases are registered or reported. There is a need to improve data on accidents and diseases, (especially during the harvest season) in order to propose adaptations to working practices and equipment and raise general OSH awareness in the sector;
- The lack of equipment and training remain an important impediment to the improvement of OHS at producer level. The organization of producers into cooperative or associative groupings and anchoring OSH within these structures may be a way to overcome these constraints.

At the level of support institutions, three crucial insights emerged from the engagement with stakeholders: *i)* It is necessary to develop a range of occupational health and occupational accident insurance adapted to seasonal workers and, more generally, to all forms of atypical work; *ii)* it is necessary that the institutions in charge of social protection and occupational health services raise awareness amongst seasonal workers of their rights instead of focusing solely on the collection of contributions; *iii)* there is a need to develop a coherent and shared national vision of the manner in which OSH prevention, promotion, protection, compensation and compliance functions should interact and complement one another.

3.3 Ethiopia

The VZF Steering Committee approved Ethiopia as a VZF project country in 2017. During missions to the country to gauge stakeholder receptivity to a VZF intervention, it became apparent that there is close convergence between the goals of the VZF, the priorities identified in Ethiopia's Second Growth and Transformation Plan (GTP II), and the main pillars of the Ethiopian National Occupational Safety and Health Policy and Strategy. During the stakeholder consultations that took place in Addis Ababa in July 2017 (see part 4.1.2 of the report for more details), the tripartite constituents acknowledged that investment in OSH hold distinct benefits for workers, employers and society as a whole, and expressed their full support for a VZF project in the country.

The VZF intervention in Ethiopia will be part of a comprehensive and coordinated ILO programme entitled "Advancing Decent Work and Inclusive Industrialization in Ethiopia". The programme was developed in response to a need expressed by the Ethiopian constituents

and other key industry stakeholders to advance decent work and inclusive industrialization in key priority sectors identified in the GTP II. A commitment to the textile and garment sector is part of Ethiopia's broad Industrial Development Strategic Plan (2013-2025) to propel the country to middle-income status over the next decade.

The comprehensive ILO programme will be implemented in two, five-year phases. The first phase will focus on the textile and apparel sector. In the second phase, the ILO's support will be expanded further down the supply chain to include cotton production and processing. The intention is to also develop and refine intervention models that could be replicated in other sectors such as construction and agriculture to potentially also move into these sectors in phase two. In addition, the intervention will maintain close links to ILO's ongoing support efforts to implement the government's Jobs Compact, which will expand employment opportunities to refugees, including in identified industrial sectors, among them textile and apparel.

The VZF-funded intervention will encompass two components: a component focusing on improving health and safety outcomes in the garment and textile sector, with the objective of ultimately intervening at the lower end of the value chain (cotton production and processing); and a component on agro-food value chains, which will commence with a selection of the specific value chain for intervention. The first component will constitute a direct contribution to the comprehensive and coordinated ILO programme, and will be conducted in an integrated manner with the other ILO departments, branches and units involved in the programme, most notably LABADMIN/OSH, Better Work Programme, Global Programme on Employment Injury Insurance and Protection (GEIP), INWORK, and FUNDAMENTALS. The second component will seek synergies with SCORE and other programmes active in the agri-food sector in Ethiopia.

It is envisaged that the overall ILO programme will commence activities in 2018, and full reporting on progress will be provided in the next annual report.

3.4 Lao People's Democratic Republic (Lao PDR)

In November 2017, the VZF Steering Committee approved Lao PDR as a VZF project country. The project will have an initial duration of two years, and will commence activities in 2018. The project aims to reduce the number of work-related fatalities and accidents and occupational diseases, and improve access to mechanisms to adequately compensate victims and their families in both the garment and agriculture value chains. As with all VZF projects, the project in Lao PDR will consist of two phases. The first phase will be dedicated to selecting, assessing and building intervention models in the two value chains. The second phase will be devoted to the implementation of intervention models that were designed in partnership with relevant stakeholders during Phase I.

More detail on progress will be provided in the 2018 VZF annual report.²⁷

²⁷ Following the recruitment of the VZF team in the country, VZF operations in Lao PDR commenced in July 2018.

3.5 Tunisia

In September 2017, the Steering Committee approved a VZF intervention in Tunisia's olive oil sector. Tunisia is the world's third largest exporter of olive oil, three-quarters of which is destined for the European market. The sector accounts for more than 50 per cent of the country's total value of agri-food product exports and a million people rely on it, directly or indirectly, for their livelihoods. The cultivation of olives remains the only possible crop in the less favoured agricultural regions and thus fosters economic balance within the country. Occupational hazards identified in the sector are the presence of pesticide residues and the use of halogenated solvents and hazardous machinery. In addition, OSH risks are exacerbated by the fact that three out of four women working in the sector are employed under precarious conditions and work without legal employment contracts.

The mapping, analysis and identification of the interventions in the olive oil sector will start in the latter half of 2018. Based on the results of the comprehensive assessment, the second phase of the project will be developed and presented to the VZF Steering Committee for consideration and approval.

4. COMMUNICATION AND VISIBILITY

A Communication and Visibility plan has been developed for the Vision Zero Fund globally. The plan seeks to raise awareness among relevant stakeholders and the general public in target and donors' countries on the activities being carried out by the VZF to improve OSH and to reduce the number of work-related fatalities, accidents and diseases, thus advancing decent and productive work opportunities for women and men. Based on the global framework, each VZF country project will develop a version specifically adapted to the local context.

This report will highlight a few significant communication events in which the VZF was engaged in during the reporting period.

4.1 Public events

4.1.1 Launch of the VZF, Yangon, Myanmar, June 2016

With the support of the German Federal Ministry of Labour and Social Affairs, the official launch of the VZF took place at the Chatrium Hotel in Yangon, Myanmar on 17 June 2016. The event was attended by about 150 guests, which included representatives from the Myanmar government, foreign embassies, trade unions, employers as well as non-governmental organizations. The event was opened by Mr U Myo Aung, Permanent Secretary, Ministry of Labour, Immigration and Population (Myanmar) and Ms Yasmin Fahimi, State Secretary, Federal Ministry of Labour and Social Affairs (Germany). The ILO was represented by Ms Tomoko Nishimoto, ILO Assistant Director-General and Regional Director for Asia and the Pacific. Representatives of the social partners of both Myanmar and Germany also had the opportunity to share ideas about the potential sectors and activities that any VZF-funded project could cover. In the final session, the VZF Programme Manager provided an operational perspective on the various panel discussions, and outlined the next steps that would be taken in order to implement a VZF-funded project in Myanmar.



Trade union and employers' representatives from Myanmar and Germany on stage during the launch of the VZF, Myanmar, June 2016

Source:
Friedrich Ebert Stiftung, Myanmar

4.1.2 Stakeholder event in Ethiopia, July 2017

In order to raise awareness of the Fund, and to engage stakeholders in a dialogue to identify potential areas for VZF support in Ethiopia, a stakeholder event was held in Addis Ababa, Ethiopia on 14 July 2017.

The event, which attracted more than 100 international and local participants, was opened by Mr George Okutho, Director of the ILO Country Office for Ethiopia, Djibouti, Somalia, Sudan and South Sudan, H.E. Mr Abdulfetah Abdulahi Hassen, Minister of Labour and Social Affairs of the Federal Republic of Ethiopia, H.E. Ms Yasmin Fahimi, State Secretary of the German Federal Ministry of Labour and Social Affairs, and by the VZF Programme Manager. It was co-sponsored by the Ethiopian Ministry of Labour and Social Affairs, the German Federal Ministry of Labour and Social Affairs, the ILO, the Friedrich Ebert Foundation, the US Department of Labour and the European Union.



Source:
Friedrich Ebert Stiftung, Myanmar

From L to R: Mr Ockert Dupper, VZF Programme Manager; Ms Yasmin Fahimi, State Secretary, Federal Ministry of Labour and Social Affairs (Germany); H.E. Mr Abdulfetah Abdulahi Hassen, Minister of Labour and Social Affairs of the Federal Republic of Ethiopia; Mr George Okutho, Director of the ILO Country Office for Ethiopia, Djibouti, Somalia, Sudan and South Sudan; and Mr Kamran Fannizadeh, Deputy Director, Governance and Tripartism Department, ILO.

During the various panel discussions, which included participants from the Confederation of Ethiopian Trade Unions (CETU) and the Ethiopian Employers' Federation (EEF), it became apparent that there is close convergence between the goals of the VZF, the priorities identified in Ethiopia's Second Growth and Transformation Plan, and the main pillars of the Ethiopian National Occupational Safety and Health Policy and Strategy. It was encouraging to hear the tripartite constituents acknowledge that investment in OSH holds distinct benefits for workers, employers and society as a whole, and express their full support for a VZF-led project in the country.

4.1.3 Stakeholder event in Myanmar, October 2017

The selection and design of the VZF intervention models in the ginger value chain was conducted in a participatory manner during a stakeholder event held in Aung Ban, Kalaw Township, Shan State, Myanmar on 24 October. More than 90 representatives from all links of the value chain, including government and other supporting functions, participated in the event and provided valuable inputs to the VZF team. It is worth pointing out that the level of OSH awareness has increased significantly since the first contact that the VZF team has had with the stakeholders in the ginger value chain. This can be ascribed mainly to the participatory manner in which the OSH risk assessment was conducted. More OSH awareness and information was demanded by all participants. Farmers remain interested in accessing premium markets with premium produce such as organic ginger; hence they are interested in learning more about safer agricultural practices such as the use of organic inputs. Traders and processors are interested in productivity enhancements that can be beneficial for OSH purposes as well as support for establishing OSH management systems.

The event was co-sponsored by Winrock International, a non-profit organization supporting ginger farmers and processors in enhancing productivity. VZF is partnering with Winrock International in Myanmar to improve OSH outcomes in the ginger supply chain in parallel to enhancing Myanmar's competitiveness in overseas export markets.²⁸ Further work is envisaged in the acquisition of Organic and GlobalG.A.P. certifications which will bring a direct OSH benefit through decreased use of pesticides and safer agricultural practices.

The outcomes of the assessment and consultation processes are currently being reviewed by the Myanmar VZF team to identify the specific activities to be implemented over the next two years.



Participants in the VZF ginger stakeholders' meeting, Aung Ban, October 2017
Source: VZF team, Myanmar

²⁸ Winrock International implements a five-year Value Chains for Rural Development project in Myanmar funded by the United States Agency for International Development (USAID), with the goal to sustainably reduce poverty and hunger in Myanmar by improving smallholder productivity and profitability, strengthening value chain linkages and competitiveness, and increasing private sector engagement to support value chain upgrading.

4.1.4 Other noteworthy events

In February 2017, the VZF Programme Manager addressed the G20 Employment Working Group meeting in Hamburg, where he was joined by a tripartite delegation from Myanmar. The event served as an opportunity to update the delegates on VZF progress to date, to generate additional support for the Fund, and to showcase achievements in Myanmar, illustrating the extent to which OSH can be an entry-point for the promotion of social dialogue at enterprise, sectoral and national levels.

The VZF Programme Manager and VZF Programme Officer also attended the XXI World Congress on Safety and Health at Work in Singapore in September 2017, where they participated in numerous events, including the SafeYouth@Work Dialogue, which was moderated by the VZF Programme Manager, and the symposium on Improving OSH in GSCs. The event provided an excellent opportunity to promote the Fund before an audience of OSH professionals from around the world. For purposes of the event, a VZF flyer was developed, which has subsequently been translated into French and German.



The VZF Programme Manager Mr Ockert Dupper moderating the SafeYouth@Work Dialogue during the XXI World Congress on Safety and Health at Work in Singapore, September 2017

Source: Workplace Safety and Health Institute, Singapore

5. PERFORMANCE MANAGEMENT AND SUSTAINABILITY

5.1 Evaluation

Based on discussions between the VZF Secretariat, ILO's Partnership and Field Support Department (PARDEV) and ILO's Evaluation Unit (EVAL), it was decided to evaluate the start-up phase of the VZF (February 2016 – October 2017) separately, before starting the evaluation of the entire VZF programme from January 2018 onwards, including all the funding sources. For the full evaluation, it was suggested to use cluster evaluation in line with ILO policy guidelines for result-based evaluation (i.e. both centralized and decentralized funding would undergo a single evaluation cycle and process).²⁹

5.2 Reporting

As mentioned earlier, subsequent to this first VZF narrative report, which covers the 18-month start-up phase of the Fund, annual reports will be produced by 31 March of each year, covering the previous calendar year. Individual donor agreements may contain additional reporting requirements that do not necessarily correspond to the annual reporting cycle. Discussions on how the reporting process can be simplified are continuing, and an update will be provided during the next reporting cycle. Until discussions are concluded and an agreement reached, individual reports will be prepared and shared with the respective donors in line with the respective donor agreements.

5.3 Approach to performance measurement and monitoring

VZF has developed a Programme Performance Measurement Plan (PMP), including a description of SMART indicators, baseline, end targets and milestones. All projects that are implemented within the framework of the VZF will also be linked to this PMP. SMART will allow the VZF Secretariat, Steering Committee and Strategy Council, as well as relevant stakeholders at national level, to monitor progress of implementation and results at the global and country levels. Baseline data will be collected that will provide the initial status of the strategic objectives and related outputs, and also serve as input to set realistic end targets and milestones.

²⁹ The matter of "cluster evaluations" will be placed on the agenda of the VZF Steering Committee in November 2018 for discussion and endorsement.

Indicators, targets and milestones will be periodically monitored and assessed, and adjusted as necessary, to ensure consistency with the VZF objectives; to ensure that they are detailed, quantifiable, and result-oriented; and, that they are responsive to the findings of any baseline and feasibility assessments.

It is important to note here that the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) GmbH has been contracted by the EU to support the ILO's monitoring component. GIZ will assist VZF in the following activities related to performance management and monitoring:

- Develop a Theory of Change (ToC) for the global and country level activities of the VZF and a complementary results model;
- Review VZF's monitoring framework (PMP), including selection criteria regarding (1) the choice of VZF project countries, (2) the sectors targeted by VZF activities within the countries, as well as (3) the activities planned in target countries;
- Formulate key performance indicators (KPIs) for both global and country level activities, with specific emphasis on outcomes. These indicators will be derived from the ToC.

It is anticipated that as a result of the GIZ activities, in particular the development of the ToC, the indicators, targets and milestones in the PMP will be modified. More details on the process and results will be provided in the next annual report.

5.4 Sustainability

The sustainability of the results to be achieved through the VZF activities has been a key consideration since the inception of the Fund.

At the country level, the joint public-private commitment of businesses, government, the social partners and other relevant stakeholders is a prerequisite for funding any type of interventions - for example, in the form of sustainability compacts, sectoral action plans or similar agreements. Basing the Fund's allocation on this key prerequisite steers actors towards taking sustainable action: the VZF provides the flexibility required to provide funding in a targeted manner, allocate funds to champion pilot undertakings, complement or co-finance ongoing activities to scale up, provide seed finance to develop new initiatives, step in to cover existing gaps - and also withdraw support in case of non-compliance.

Countries and supply chains are selected through a deliberative process, which includes a component for sustainability and potential for replication. Following this process, projects at country level are designed through a participatory process, and include – during an inception phase – an in-depth assessment of the drivers, constraints and incentives for OSH improvement. The results of this assessment forms the basis for the development of intervention models that can lead to sustainable and often scalable outcomes. Additionally, by combining workplace, industry, institutional and policy interventions, VZF country level activities ensures institutional learning and strengthened capacity, both of which are key requirements for sustainability and replication. The aim is to ensure that these benefits

become embedded in the respective institutions and outlive the particular VZF intervention, which necessarily is of limited duration.

Global level activities ensure coherence and consistency between country level interventions. Data gathered through the M&E framework will help to better understand which approaches work best for preventing and reducing workplace related deaths. This information will feed into the necessary tools to conduct research at the global level. Research studies and tools will be widely disseminated at both global and country levels, with the aim of improving OSH-related interventions being implemented by the ILO and other organizations.

6. CONCLUDING OBSERVATIONS

During the reporting period, the following notable milestones have been achieved:

- The VZF Secretariat was established to act as the focal point for all technical, operational, reporting and financial matters relating to the VZF;
- VZF Secretariat staff (Programme Manager, Programme Officer, Administrative and Finance Assistant) were recruited and inducted, and office space, equipment and services necessary to perform the duties of the Secretariat were acquired;
- The VZF Steering Committee was formally constituted, terms of reference developed and approved, and regular meetings (a total of eight) were held during the reporting period;
- Terms of reference for the VZF Strategy Council were developed and approved by the Steering Committee;³⁰
- Regular consultations with workers' and employers' organizations (including the International Organization of Employers (IOE), International Trade Union Council (ITUC) and IndustriALL Global Union) have taken place in the SC+, an *ad hoc* governance structure established in late 2016;
- The number of donors to the Fund increased from two in June 2016³¹ to a total of seven at the end of December 2017, and included the Fund's first private sector donor;³²
- The financial contributions to the Fund have increased more than fourfold;
- The Fund has developed a private sector engagement strategy, which will form the basis for further engagement with the private sector either bilaterally or multilaterally through industry associations and multi-stakeholder initiatives;
- The VZF Secretariat, in consultation with appropriate ILO units/country/regional offices/Decent Work Teams, has developed criteria for country and sector selection, identified eligible project countries and sectors, and proactively facilitated a number of discussions among relevant stakeholders of eligible countries and sectors, which included formal launches in Myanmar and Ethiopia;
- During the reporting period, the VZF Steering Committee approved the development of projects in Ethiopia, Lao PDR, Madagascar, Myanmar and Tunisia;
- A unique set of tools to assess of the main drivers and constraints for safety and health improvement in supply chains and their legal and institutional environment³³ was adopted and further refined;

30 It is anticipated that the first formal meeting of the Strategy Council will be held in late 2018.

31 Germany and United States.

32 EC (DG DEVCO), Germany, France, Norway, Sweden, and USDOL. Siemens became the first private sector donor to join the Fund.

33 The assessment tool was developed under the ILO OSH-GAP Flagship programme, specifically under the "Joint ILO-EU project to improve knowledge base and safety and health in global supply chains to support G20 work on safer workplaces".

- A global framework for action and concomitant key performance indicators were developed for VZF's global and country-level work;
- Dedicated websites were developed for the VZF global programme as well as all the country projects where articles, photographs and reports are published regularly;
- VZF Secretariat staff participated in a number of international and national events to promote the VZF to a broader audience;
- In order to contribute to the current body of knowledge on OSH in GSCs, a number of key knowledge products are being developed, including value chain assessment reports, research reports, and a toolkit to help identify gaps and opportunities to improve OSH outcomes in GSCs.³⁴

Nevertheless, despite these achievements, a number of challenges have been identified and will be prioritized during the next reporting period. These include the following:

6.1 Governance structure

The VZF governance structure has been instrumental in guiding the VZF during the reporting period. However, it has become apparent that there is a need to revisit the original terms of reference, membership and operations of the Steering Committee in order to increase efficiency and facilitate broader donor representation. There is also a need to evaluate the role of the SC+, and facilitate the establishment of the envisaged Strategy Council. The VZF Secretariat will work closely with the GIZ, who will lead the effort to reform the current VZF governance structure. It is envisaged that the GIZ report will be finalized during the next reporting period.

Finally, in this regard, the idea of developing a “partnerships” category (in addition to a donor category) should be explored. A number of stakeholders (including NGOs, statutory accident insurance institutions and research institutions, to name a few) have expressed an interest in partnering with the VZF on specific projects, campaigns, or activities. While these stakeholders do not wish to make financial contributions to the VZF, they nevertheless want to join forces with the VZF to pursue the common goal of reducing accidents, injuries and diseases in GSCs. Provided these stakeholders engage with the VZF in full conformity with ILO principles and values, their expertise and support could assist the VZF to achieve its goals at both global and country levels.

³⁴ Since these knowledge products will be published in 2018 more detail will be provided in the next annual report.

6.2 Funding

While the funding of the VZF and the number of donors to the VZF has increased significantly during the reporting period, challenges remain:

- Not all governments of the G7 and the G20 groups of countries have joined the Fund. The VZF Secretariat will work closely with the Steering Committee and the ILO's Partnership and Field Support Department (PARDEV) to develop a resource mobilization strategy specifically focused on attracting new government and inter-governmental donors;
- With two donors providing more than 70 per cent of the VZF's funding, it will be important to further diversify the donor base as indicated above. This will be facilitated by the Fund's increased focus on implementation, results and impact;
- It is clear that the support of the private sector for the VZF is still inadequate. The original framework document to establish the Fund envisages that the Fund will be based "on the matching of governments' and private sectors' contributions lending its activities strong leverage and impact [...] especially companies active in GSCs are invited to match public efforts, including with in-kind contributions." The current private sector engagement strategy will need to be strengthened to ensure that the "value-add" of the VZF is more clearly articulated and communicated not only to multinational companies, but also to foundations and consumers as envisaged in the VZF Global Strategy (see part 2.1 of the report for more details).

6.3 Financial mechanism

In order to ensure maximum flexibility, low administrative costs and optimal efficiency, it was originally envisaged that all VZF contributions would be pooled in a MDTF. However, for a variety of financial and administrative reasons, the goal of pooling all VZF contributions has only been partially realized. This has resulted in a number of inefficiencies, including duplicating and overlapping monitoring, evaluation and reporting requirements. The VZF Secretariat will be working closely with the Steering Committee and the ILO to investigate ways in which these inefficiencies can be reduced and the ultimate goal of a pooled funding mechanism achieved.

6.4 VZF Secretariat

While the support of the LABADMIN/OSH Branch to the VZF has been invaluable, it is nevertheless imperative to establish a strong and stable VZF Secretariat. The Secretariat plays a vital role in supporting, coordinating and executing VZF's global mandate as well as to provide the necessary technical and programme support to the VZF teams and projects at country level. This has become even more important in light of the growth of the Fund as well as the increased focus on implementation, results and impact. The Steering Committee has approved funding for a full-time Programme Manager, a full-time Programme Officer as well as a part-time Financial and Administrative assistant. For a variety of reasons, it has

been a challenge to fill the Programme Officer-position with a full-time incumbent during the reporting period. While recruitment for this position will be prioritized during the next reporting period, other forms of support will also be explored (for example, to recruit well qualified interns to support the work of the Secretariat during critical periods).

6.5 Country projects

VZF will actively support each country project in the on-going development and implementation of their country level interventions. A strong focus will be on assisting the VZF Lao PDR, Ethiopia and Tunisia projects in the critical phase of recruiting project teams, conducting value chain assessments, arranging stakeholder engagement and launch events. In addition, attention will be paid to developing projects with a regional focus, and exploring opportunities for South-South learning.

6.6 Communication

Increased attention will be paid to improving communication and enhancing the visibility of the Fund. As the VZF matures and country projects reach the implementation stage, it will be important to share programme impacts and success stories with donors, stakeholders and the general public.

At the global level, it is envisaged that the assessment methodology will be published in toolkit form, which will facilitate its broader use by development professionals around the world. In addition, the VZF is preparing the publication of a selected number of value chain assessment reports, in particular the assessment report of the ginger value chain in Myanmar, and the garment value chain in Madagascar. Finally, the results of the research into the sustainable sourcing policies of multinational enterprises (MNEs) as well as standards adopted by private compliance initiatives (PCIs) in the area of OSH will be published. This will not only refine the VZF's private sector engagement strategy, but, more importantly, will make a significant contribution to the current body of knowledge on OSH in GSCs.

In respect of specific communication tools, VZF will focus on enhancing the following key tools:

- The VZF website, where articles, photographs and reports are published on a regular basis;
- Establishing a social media profile, where updates can be posted on Twitter, Facebook and LinkedIn, providing up-to-the-minute updates on project developments and successes;
- Exploring the use of press releases to mark significant VZF milestones;
- Developing a photo library, capturing VZF's work in action;
- Participating in global academic conferences and symposia to share VZF impact with a wide range of audiences.

6.7 Monitoring and evaluation

Based on discussions between the VZF Secretariat, PARDEV and EVAL, it was decided to evaluate the start-up phase of the VZF (February 2016 – December 2017) separately before starting the evaluation cycle of the entire VZF programme from January 2018 onwards, including all the sources of funding. It is envisaged that this evaluation will take place during the next reporting period. From January 2018 on, it will be suggested that instead of evaluating VZF global activities and every single country project each year or every two years, the programme should be evaluated as a whole using cluster evaluation in line with ILO policy guidelines for result-based evaluation (i.e. both centralized and decentralized funding would undergo one single evaluation cycle and process). The matter of “cluster evaluations” will be submitted to the VZF Steering Committee for consideration and approval during the next reporting period.

In closing, the current reporting period can fairly be characterized as the start-up or inception phase of the Fund. During this period, the VZF Secretariat strove to achieve a balance between solidifying the internal governance framework, introducing the Fund to potential donors and conceptualizing and initiating a number of country projects. It has taken this time to establish the VZF’s financial footing, refine its strategic approach and intervention framework, establish sound governance and launch the Fund’s first country level projects.

During the next reporting period, the Fund will work in three closely linked areas:

- Transitioning from its foundational phase to one in which greater focus will be placed on project implementation, impact assessment and developing and disseminating VZF knowledge products. Here, the emphasis will be on piloting new tools and further refining existing ones, and documentation and dissemination of good practices and lessons learned from country level project activities;
- Prioritizing resource mobilization, in particular bringing private sector donors into the Fund; and,
- Consolidating the Fund’s presence and involvement in Myanmar and Madagascar, initiating operations in Ethiopia, Lao PDR and Tunisia, and exploring the potential for projects with a regional focus, thereby enhancing opportunities for South-South learning.



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