



ATHENA  
INFONOMICS



# CASE STUDIES OF INTERVENTION EFFECTIVENESS

A 'First Look' into Disrupting the Prevalence of Forced Labour in Informal RMG Supply Chains in India Using Predictive Analytics



## Contents

### Contents

<b>Abstract</b> .....	<b>3</b>
<b>Introduction</b> .....	<b>4</b>
<b>Context</b> .....	<b>4</b>
<b>Scope of study</b> .....	<b>5</b>
<b>Project overview</b> .....	<b>5</b>
<b>Impact of the COVID-19 pandemic</b> .....	<b>7</b>
<b>Methodology</b> .....	<b>8</b>
<b>Research design</b> .....	<b>8</b>
<b>Evaluation framework</b> .....	<b>9</b>
<b>Better Fit Approach</b> .....	<b>9</b>
<b>Systems Change Framework</b> .....	<b>10</b>
<b>Sample of stakeholders</b> .....	<b>10</b>
<b>Key results/Findings</b> .....	<b>11</b>
<b>Framework-based findings</b> .....	<b>12</b>
<b>Implications &amp; Recommendations</b> .....	<b>17</b>
<b>Success stories</b> .....	<b>17</b>
<b>Enabling factors (Strengths)</b> .....	<b>17</b>
<b>Challenges</b> .....	<b>17</b>
<b>Key Recommendations</b> .....	<b>17</b>
<b>Annexure 1:</b> .....	<b>19</b>
<b>Annexure 2:</b> .....	<b>20</b>

## A 'First Look' into Disrupting the Prevalence of Forced Labour in Informal RMG Supply Chains in India Using Predictive Analytics

### Acronyms

BFA	Better Fit Approach
DCAP	Data Collection and Analysis Partner
FCDO	Foreign, Commonwealth and Development Office
FGD	Focus Group Discussion
GFEMS	Global Fund to End Modern Slavery
ILO	International Labour Organization
KII	Key Informant Interview
NGO	Non-Governmental Organisation
SCF	Systems Change Framework
RMG	Ready-made Garments
ToC	Theory of Change
UAS	Unauthorised Subcontracting

## Abstract

*Unethical labour practices are rampant in the manufacturing sector, especially in the garment industry which outsources a large portion of its labour to developing countries. This is true for India since it is a major hub for the textile industry. ELEVATE, a leading business risk and sustainability solutions provider, is implementing an intervention to assist the identification of instances of unauthorised subcontracting, thus improving overall business practices and risks associated with forced labour.*

*In this context, this report is the first in a two-part learning exercise designed to critically review the ELEVATE intervention and generate lessons and insights that are of practical utility for a wider audience. The 'First Look' case study acts as a snapshot of the current status of the project and seeks to understand the extent to which the project is aligned with its articulated Theory of Change. It also documents the progress made, if any, at the preliminary stages of the project. Findings suggest that implementation is on track for the first phase of the project, despite delays caused by the COVID-19 pandemic. Given that it is still early in the project implementation, the bulk of evidence will be assessed in the 'Second Look' case study which will offer a deeper, more comprehensive overview of the intervention and its impact.*

## Introduction

### Context

G20 countries consume goods worth USD 354B that are at risk of exposure to supply chains supported by modern slavery. The garment sector is the second largest contributor to this total, with the production worth estimated at USD 127B<sup>1</sup>. India's textile sector contributes to 7% of industry output in value terms, 2% of India's GDP and 12% of the country's export earnings<sup>2</sup>. The Indian textile industry is the second largest manufacturer and exporter in the world, after China. India has a share of 5% of the global trade in textiles and apparel<sup>3</sup>. The textile industry is one of the largest sources of employment generation in the country with over 45 million people employed directly, and another 60 million people in allied sectors, including a large number of women and rural population<sup>4</sup>. The sector is also a critical absorber of low-skilled labour; on average, garment production accounts for half of manufacturing employment in the main clothing exporting countries in Asia. For poor labourers, it is often the most attractive industry after agriculture. However, working conditions in Asian factories remain a key concern. The nature of the modern garment industry carries a high risk of human rights and environmental violations<sup>5</sup>.

Increasing consumer demand for a higher volume of cheap clothes, including “fast fashion,” puts pressure on price and lead time, leading Tier 1 factories to compete for this business at the lowest prices. To meet these demands, Tier 1 suppliers sub-contract, without their buyers' awareness or permission, through layers of “sub-tier” factories – many of them informal (i.e. unregistered) – to access flexible labour supply at the cheapest possible cost. Multinational brands and retailers in the Ready-made Garments (RMG) sector typically have codes of conduct in place prohibiting forced labour in their supply chains. But many companies' labour monitoring scope covers only Tier 1 (T1) factories with legal registration, which are subject to government regulations and oversight and hence, have better labour practices. There is little visibility into conditions in factories at lower tiers, where the worst labour conditions prevail due to poor enforcement of legal registration and codes of conduct by the government and the private sector, respectively. While employment conditions vary greatly across countries and companies, instances have been reported of child labour, discrimination, forced labour, work-related injury and ill health, violations of the right of workers to establish or join a trade union and to bargain collectively, non-compliance with minimum wage laws, and wages that fail to meet basic needs of workers and their families<sup>6</sup>.

The Global Fund to End Modern Slavery (GFEMS) is a transformational multi-donor fund that works to forge public-private partnerships and catalyse a comprehensive global strategy to end modern slavery. GFEMS, in an agreement with the UK Foreign, Commonwealth and Development Office (FCDO) has funded projects in three target areas – Ethical Recruitment, Apparel, and Commercial Sexual Exploitation. GFEMS selected a consortium of Athena Infonomics and Itad to support its review and learning activities for this set of projects.

---

<sup>1</sup> The Minderoo Foundation Pvt. Ltd. (2018). Highlights | Global Slavery Index. Retrieved from <<https://www.globalslaveryindex.org/2018/findings/highlights/>>

<sup>2</sup> Ministry of Textiles, Annual Report 2019-20. Retrieved from <[http://texmin.nic.in/sites/default/files/AR\\_MoT\\_2019-20\\_English.pdf](http://texmin.nic.in/sites/default/files/AR_MoT_2019-20_English.pdf)>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> World Bank; “Stitches to Riches? Apparel Employment, Trade, and Economic Development in South Asia”, 2016, Retrieved from <<https://openknowledge.worldbank.org/handle/10986/23961>>

<sup>6</sup> OECD; “Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector”, 2017. Retrieved from: <[https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector\\_9789264290587-en](https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en)>

## Scope of study

GFEMS is funding ELEVATE to develop a 'Predictive Analytics Tool to Disrupt the Prevalence of Forced Labour in India's Informal RMG Supply Chains'. GFEMS has partnered with *Athena-Itad* to review the intervention in the context of the project's broader Theory of Change (ToC), to measure progress towards a sustainable model for reduction of the prevalence of modern slavery and use the learnings from the projects to offer feedback for how to scale and increase effectiveness over time.

A case study approach has been followed, allowing a longitudinal perspective to be gained across all earmarked components of the project. As these enquiries cannot be formally considered to constitute a traditional and comprehensive baseline-end line assessment, the terms 'First Look' and 'Second Look' case studies have been introduced. Apart from desk reviews, key informant interviews have been conducted with the implementing partners and relevant stakeholders<sup>7</sup> (wherever possible) to gain an in-depth understanding of the project and assess its progress. The project has been evaluated against the Better Fit Approach (BFA) and the Systems Change Framework (SCF) to ascertain the a) quality of the innovation against a diverse set of factors, described below, and, b) nature of the improvement to the status quo of the system.

## Project overview

Under this innovation-focused project, the ELEVATE team aims to increase visibility into unauthorised subcontracting and the risk of forced labour practices in apparel supply chains in India. The project will develop a data-driven predictive tool to engage brands in detecting and mitigating forced labour and its risk in their supply chain(s). The completed tool will be used in conjunction with a remediation plan to bolster brands' efforts to reduce the risk of unauthorised contracting and forced labour violations.

ELEVATE's predictive analytics tool will increase brands' visibility into unauthorised subcontracting and therefore, their vulnerability to forced labour in their supply chains. The predictive tool is built on ten years of social audit data from ELEVATE's existing clients in India's apparel sector. Initially, the tool's working model was based almost completely on quantitative inputs to produce a machine learning model. However, the pandemic's effects on supply chains led to 2020 data that is volatile and not representative. As a result, ELEVATE partially redesigned the tool as a mixed-method risk model, which compensates for low-quality and limited data by integrating qualitative learnings (primarily industry expert feedback) into the model's framework.

While the validated predictive analytics tool is the main output of this project, ELEVATE also adapted its existing Return on Investment methodology to develop a solution for brands to design an effective approach to reduce unauthorised subcontracting in their supply chain(s).

From a process standpoint, the project will include a combination of stakeholder interactions and technology development. The first step for ELEVATE, which is currently ongoing, is to collect the social compliance and production data from brands, including lists of their T1 suppliers and past details of authorised and unauthorised subcontractors. Once developed, the predictive accuracy of the UAS-detection tool will then be verified through testing using the aforementioned historic data. A successful tool will provide brands with new information about the presence of UAS in their supply chains. If brands begin using the tool at scale, this new information/transparency can lead

---

<sup>7</sup> KIIs have been conducted with the Project Team and a CWC member (Government level stakeholder).

to an overall reduction in the prevalence of forced labour in RMG supply chains in India. Once this potential is realised, it will act as an incentive to T1 suppliers and informal subcontractors to follow ethical practices.

To enable impact, the predictive analytics tool is supported with a change monitoring and remediation plan that includes learning exercises and methods that will allow ELEVATE to identify the driving forces and barriers in uptake of their services. Companies that identify the risk of UAS are then prepared to invest in improvements to working conditions in their supply chains, and will implement plans for remediation with support from ELEVATE. The remediation workplan developed by ELEVATE was informed by desk research, review of existing tools, and data from on-site assessments of factories

These tools will be supplemented by ELEVATE’s report on the business case for T1 suppliers to end UAS. Brands will be able to use the insights and recommendations provided in the business case report to influence their T1 suppliers’ stance on UAS and to support remediation; T1 suppliers will take steps towards adopting ethical labour practices (thereby tackling UAS). Ultimately, the combination of these factors is hypothesized to reduce vulnerabilities to forced labour in informal RMG supply chains in India.

In summary, the project will facilitate changes in attitudes and behaviours among supply chain actors that enable modern slavery. ELEVATE will influence brands and T1 suppliers to remediate and reduce the prevalence of unauthorised subcontracting. These actions will support systemic changes in how brands can gain greater visibility on production practices, as well as strengthen their relationships with T1 suppliers to reduce risks to forced labour.

<b>The basic Theory of Change (ToC) is that:</b>	
<b><i>If</i></b>	a) A predictive tool to assess the risk of unauthorised subcontracting is developed and validated; b) Effective industry outreach to get brands to use predictive model and agree to work plan is carried out; c) Work plan for the remediation of UAS among T1 suppliers and forced labour among informal subcontractors is developed; d) RoI tool to assess the business case for T1 supplier remediation of UAS and forced labour among informal subcontractors is developed;
<b><i>then</i></b>	Brands: a) will support the remediation process among T1 suppliers and informal subcontractors; b) gain transparency on forced labour among informal subcontractors through targeted inspections T1 Suppliers: a) will gain transparency on forced labour among informal subcontractors through targeted inspections; b) support informal subcontractors in the remediation of forced labour violations
<b><i>resulting in</i></b>	a) T1 suppliers and informal subcontractors adopting more ethical labour practices; b) Workers from T1 suppliers and informal subcontractors benefiting from incrementally better working conditions
<b><i>leading to</i></b>	Workers from informal factories benefitting from the sustainable and broader improvement in working conditions with the adoption of ethical labour practices

## Impact of the COVID-19 pandemic

- Brand recruitment was stalled in the spring and summer of 2020. Despite the initial interest shown by most brands ELEVATE engaged with, many brands were hesitant to put further pressure on suppliers, as they had cancelled or paused the bulk of orders due to the ongoing crisis. Most brands do not feel confident asking for extra assessments/engagements due to the a) small pipeline of orders, and b) business and economic impacts/disruptions being experienced by suppliers due to COVID-19.
- As of December 2020, brands were ramping up orders with their suppliers and have asked to postpone the assessments to later in the year when they have a larger order pipeline. Audit data relevant to the production process can only be collected if the assessed supplier has an ongoing production with the client. Without this audit data, ELEVATE will be unable to confirm whether there is ongoing subcontracting connected to an audit result.
- The data collected from the field may not completely reflect the status quo until the sector returns to 'normal' levels of demand and supply, as and when disruptions caused by COVID-19 become increasingly minimal. Given that the tool is trained on data from pre-COVID times, it would be less effective at detecting UAS during the abnormal conditions of the pandemic, during which a portion of the data collection was already underway. For this reason, testing the tool in the next few months may not yield optimal results because normal conditions have not yet been restored.
- Unable to carry out data collection as planned; the number of factory assessments was reduced from ten planned brand engagements to a target of five brands. This reduction in quantitative data will also affect the accuracy of a machine learning model, which will now also be a hybrid risk tool that is informed by qualitative inputs from the stakeholders involved.
- Transportation costs have increased due to COVID-19. Brands need to arrange for safety equipment and maintain safety protocols, such as the staff no longer using public transportation.
- The COVID-19 pandemic impacts have also generated some positive by-products; brands and suppliers more broadly have become familiar and more comfortable with remote operations and a higher level of exposure to technology-based solutions.

**Status (First Look, December 2020):** The case study focuses on developing lessons derived in the activity-output stage of the project cycle. To support the development of the predictive tool, three brands have been brought on board the project in its current development phase (as of December 2020). Though the initial stakeholder target was higher, the COVID-19 pandemic and consequent pressures on supply chains have led some brands to postpone or suspend their engagement with the ELEVATE team for fear of added pressure on suppliers in data collection for the project. After consultations with and introductions by ELEVATE, interviews with representatives of two of the on-boarded brands were conducted. The small sample size of stakeholders reflects the nascent stage of the project at present.

## Methodology

### Research design

Each 'First Look' case study focuses on

- a) understanding the project's theory of change as articulated by implementing partners, which may or may not be written down
- b) some evidence on specific standards for the services provided by the implementing partners
- c) providing contextual information of the current situation before<sup>8</sup> or during an early stage of implementation.

The 'Second Look' case studies will focus on assessing evidence of change, different pathways to change, and other determining contributing and contextual factors. Enquiries into the 'Second Look' case studies will seek to unpack observed behavioural change of stakeholders at the target community and system levels. However, given the timeline of the First and Second Look, the bulk of evidence is likely to be at the output and immediate outcome level, rather than the longer-term outcome and impact level.

The study has used remote data-collection methods<sup>9</sup> to address the following learning questions for the project:

1. How has ELEVATE modified its original plan to adapt to COVID-19 pandemic-related interruptions? What was the implication on implementation fidelity, programme delivery, and acceptance?
2. What factors from the business case and stakeholder environment determine the uptake of ELEVATE's predictive analytics tool, and its inspections and remediation processes among RMG suppliers in India?
3. What factors from the business case and stakeholder environment determine the uptake of ELEVATE services among RMG brands in India? What is the demand for a predictive tool? Are there comparable international models that have a better buy-in?

---

<sup>8</sup> The 'before implementation' information is often problematic in reality, as typically, the intervention will build on some previous work that has been done by the subrecipient, or work that has already begun. In either case, the 'First Look' still provides a point in time against which to assess change in the 'Second Look'.

<sup>9</sup> Due to the pandemic, in-depth interviews with all stakeholders were conducted over Zoom.

4. How can ELEVATE reframe its outreach approach to suppliers and brand actors to better facilitate the uptake of its predictive modelling approach?

The desk review, KIIs, and FGDs set out to answer these questions. As part of the data collection, KIIs were conducted with officials from the ELEVATE team and heads of procurement of two of their recruited brands with exposure to procurement from suppliers. The questions asked were categorised under the indicators in the evaluation framework. The ELEVATE project team KII helped clarify the project's updated scope, the progress of the tool and the updated methodology, as well as the effect of COVID-19 on its work. The brand KIIs served the purpose of providing a view of the on-ground reality of UAS in their respective supply chains and a view of how it is treated by different entities in the sector.

### Evaluation framework

The *Athena-Itad* case study has taken the project ToC as the main entry point into discussions and will look at which change pathways are working well, which change pathways are potentially challenging or lack up-to-date programming evidence. This **theory-based approach** was followed to design a case study that aims to test, with evidence, the assumed causal chain of results with what is observed to have happened, checking each link and assumption in the process to verify the foregrounding theory.

The theory-based approach is accompanied by **contribution analysis**, which provides a systematic way to arrive at credible causal claims about a programme's contribution to change. By verifying the ToC and taking into consideration other factors that may have influenced outcomes, Contribution Analysis provides evidence about where and how the grantees did (or did not) make effective programme objectives.

The observations in this report showcase the expectations from the project based on the information available during the 'First Look' stage, and not the status of the project at this stage. It is important to note that with further progress in the project and with better availability of information (completion of development, tool implementation and feedback from the M&E system), the goal is to develop an accurate as-is picture during the 'Second Look' stage.

### Better Fit Approach

The case study framework integrates the Better Fit Approach (BFA) methodology to help determine the degree to which an intervention's design is 'innovative' and locally responsive. BFA seeks to either apply a new solution to a given problem, or innovatively adapt a solution from a different context to fit another, locally. It usually involves doing something differently from how it is currently being done and should seek to make the outcome or experience better, particularly in a complex and/or rapidly changing programming environment. BFA is not necessarily evaluative insofar as it may be too early to conduct interventions during the planning stages, or early trial stages of an intervention. The elements of the BFA pathway are presented in Annexure 1. In principle, BFA provides an 'innovation design audit' to understand the following aspects of the implementation process:

- Transformative: How, and to what extent, is the programme flexible to offer services more effectively
- Inclusive: How, and to what extent, is the programme trying to serve the excluded groups
- Adaptive: How, and to what extent, is the programme collecting and using results for decision making

- Economically Viable: How, and to what extent, has the programme maintained cost-effectiveness and shaped itself as acceptable and scalable

### Systems Change Framework

Wherever applicable, a theory-based approach will assess how the intervention helps improve system-level capacities and connections that aim to bring forth changes in outcomes at an individual level. The Systems Change Framework (SCF) will appraise the challenges achieving of pathway effectiveness, including structural barriers, and strategies employed for improving overall structures. The SCF scale is presented in Annexure 2. The assessment of SCF expectations for the project was accomplished through a detailed review of the project theory of change and/or logframe, as well as through KIIs with key stakeholders to assess:

- The capacities of:
  - The project to adopt global ethical standards and identify and address risks faced in the current supply chain. This identifies the design feature of the project that enables long-term relevance and sustainability.
  - The participating brands and suppliers to identify and address risks and implement remedial actions through the adoption of the predictive tool.
- Connections and coordination with other similar service providers in providing holistic services, and in identifying and addressing the risk of UAS.

While BFA focuses on the design aspects of the project, allowing it to achieve its identified primary and secondary targets, SCF aims to understand how well the project impacts or influences the existing systems and their services and capacities. To assess these capacities of the stakeholders, we explore:

- Capability (ability to provide intended services): How well does the project deliver its services and how do the system and other actors respond to it? Scalable to other services, other target groups with quality measured and maintained?
- Incentive model (ability to serve interests of a diverse group of stakeholders from demand and supply side): How well-designed is the project to ensure incentives for the associated stakeholders of both the demand and supply side to continue? How well does the project identify and address mismatches between the intended services and the services received by the target audience?
- Sustainability (evidence or indications of buy-in for offering intended services): How convinced are the partners in continuing the service model? What evidence or indications do we have that the related stakeholders are willing to replicate the model?
- External Linkages (linkages with government or apex bodies): Is the project connected to or aligned with programmes or schemes in the sector and locality that will help ensure the long-term success and viability of the project?

### Sample of stakeholders

The 'First Look' exercise started with an extensive desk review of the project documents, including the project proposal, ToC, Logframe, and project reporting. As the project focuses on working with brands and their suppliers, there is limited scope for data collection from a variety of stakeholders.

For the 'First Look', key informant interviews (KIIs) were conducted, first with the internal project team responsible for ELEVATE. Additionally, KIIs were also conducted with sustainable procurement leaders of brands who would be closely involved in overseeing suppliers and be well-versed with the issues related to unauthorised contracting in supply chains and the industry as a whole. As the project is in its early stages we were able to interact only with representatives of two brands (Company A and B). The data collected and analysed in this study does not cover all interested brands, some of which were not recruited at the current phase. Hence, the data will not be fully representative of the opinion of all the brands in the sector towards the tool and its applicability. Semi-structured questionnaires and checklists were used to collect information and the findings were analysed and compared against the updates reported by the project. Similar questions were asked to different stakeholders for triangulation and to explore perspectives. A more detailed survey of a larger group of interested brands, leading to a more comprehensive opinion on the tool's capabilities, will be possible at the 'Second Look', once an implementable tool is available.

## Key results/Findings

### Summary of results against key learning questions

(Findings as of mid-December 2020)

The tool is still in its development phase. ELEVATE is currently recruiting interested brands to participate in the project and is collecting social compliance and production data to support the tool's development. Qualitative research to support the project has been completed by ELEVATE and a final study report will be disseminated by the end of the project. The project was designed to focus on the RMG sector, although the model could be reworked and expanded to other sectors in the future. COVID-19-related impacts on data availability have led to a ~50 percent reduction in the number of planned factory assessments. This reduction in quantitative data will affect the accuracy of the model, which will now be informed by both factory assessment data and qualitative inputs from stakeholders' interviews. ELEVATE has also adjusted its approach to include qualitative inputs, to compensate for the reduction in the number of factory assessments. The design will shift from a machine learning model to a mixed-method risk model. With support from researchers and stakeholders, ELEVATE expects to produce a tested implementable tool by March 2021. At the current pre-implementation stage, where outcomes are yet to be realised, we are learning the design aspects and the expected results from the implementation of the tool.

1. ELEVATE's adaption to the COVID-caused interruption and effects on implementation, programme delivery and acceptance:
  - Increased dependency on remote data collection and data from brands and their affiliated suppliers.
  - The number of factory assessments had to be reduced from 10 to 5 brands. The model will now be partially informed by this factory assessment data, in conjunction with the qualitative inputs of the stakeholders involved. To compensate for the reduction in the number of factory assessments, the ELEVATE team will now include both the audit data about the production capacity of suppliers, qualitative inputs from stakeholders, and on-ground reports of supplier capacities.
  - The tool's working model is redesigned from a machine learning model to a mixed-method risk model that integrates qualitative learnings from the project into the model. This decision

was taken due to the reduction in relevant assessment data as a consequence of the difficulties faced in brand participation. The new approach is expected to be an improvement over the former model as it includes more adaptive designs which may increase the potential for scaling and replication. These potential improvements will be assessed during the second look after the completion of the tool.

2. Key drivers of project uptake, associated inspections, and remediation processes among RMG suppliers in India:

Currently, the only uptake from the supplier side is facilitated by the on-boarded brands. Since the tool is still in the development phase, clear drivers for uptake by the suppliers have not yet been observed. Such factors, if any, will be from a spill-over effect and may be identified once the tool is mainstreamed in the target sector. In this 'First Look', suppliers have not been directly on-boarded by the project team and hence supplier side inputs were not available for this study.

3. Key drivers of demand for predictive tools and project uptake among RMG brands in India. Uniqueness of the ELEVATE tool:

Although the tool is still in the development phase, three brands have shown considerable interest in it and have engaged with the project team to support its development. As identified by the brands, reducing reputational risk, enhancing intelligence and control over their procurement process, and the potential benefits of using a new methodology are the major drivers for their interest in the tool. They also mentioned that this tool will help them implement their internal compliance standards and will help establish strong, sustainable relations with high-quality suppliers in the longer run. However, they are eager to have a working tool they can implement to see its practical benefits. Once implemented, we will be able to better identify these drivers.

Many brands demonstrated interest in closely aligning themselves with the ELEVATE project, but they were unable to commit due to pandemic pressures. These brands were unsure they could commit to remediation activities during a COVID-affected period. While the tool's accuracy is important, a well-designed remediation plan in addition to sufficient resources and strong motivation by the brands are crucial for the uptake of the tool in the sector.

## Framework-based findings

### Better Fit Approach

As this was a 'First Look' assessment, the main focus was on the design aspects of the interventions and seeking to understand their intended potential impact across the standards of transformation, inclusivity, adaptability, and economic viability. The learnings from here will dovetail into the larger-picture view provided by the Systems Change Framework.

**Image 1: Better Fit Approach – Design innovation in the predictive tool to curb unauthorised contracting**



**Transformative:** The tool will provide insights to help improve information analysis, validation, and transparency in the production and procurement processes of brands in the garment sector. The tool would help brands ascertain which suppliers they want to work with and which are likely to have substandard working conditions. Upon detection of unauthorised contracting, in most cases, ELEVATE expects that some T1 suppliers will be willing to reduce the practice with support from brands. In other circumstances, brands may choose to end the relationship with suppliers that are not willing to comply. Once the tool is developed and generating buy-in from brands and their suppliers, we can expect a slow but steady impact on procurement practices sector-wide. As the tool leads brands and suppliers to improve working conditions, workers should benefit from lower forced labour risks.

The tool uses supply chain data and procurement audit data to identify the risk of unauthorised contracting. The tool helps brands identify risks in the supply chain and assess which suppliers demonstrate a high risk of using unauthorised contracting to fulfil their orders. This capability would be very relevant, as according to Company A’s assessment of the sector, there are very few brands that have conducted a root-cause analysis of the unauthorised contracting that is prevalent in their supply chains.

The tool would also increase brands’ trust in their suppliers, which is essential given the lack of visibility that most brands have into their supply chains. While there are no direct benefits for T1 suppliers, in the long-term, those that are already UAS-free will be able to gain better credibility as risk-free producers or suppliers on being shown as UAS-free through the tool’s review of their production practices. While this will help establish sustainable and long-term mutually beneficial relationships between suppliers and brands, its impact will be realised only at a later stage and require further review during the ‘second look’.

**Inclusive:** The tool, by design, addresses brands’ need to reduce unauthorised contracting. Thus, the focus is largely on the interest of the brands to reduce this risk and bring transparency into the supply chain, something not widely prevalent at the moment. The prevalence of UAS is largely a reputational risk for brands. It doesn’t necessarily affect the brands’ daily business, but if identified can lead to bad public image, legal issues, loss of reputation, etc which can all affect the business. While there are still brands that don’t want to acknowledge these issues, others are becoming more

mindful and aware of them and are committed to eradicating them from their supply chains. Through their interactions, ELEVATE found that in some factories, the responsible employees communicating with them did not have a lot of visibility in the supply chain of the products they were sourcing.

Suppliers' interests are also reflected, to a limited extent, since they also provided information to help develop the tool. As the tool is focused on the interaction between the brand and the T1 supplier, there has been limited exposure or engagement with governmental agencies or other developmental agencies at this stage.

**Adaptive:** Although still in the development phase, the project has identified the milestones and activities to achieve intended results with respect to the behaviours of brands, suppliers, and unauthorised subcontractors. ELEVATE also showed their adaptive mind-set in response to pandemic-induced challenges related to limited availability of data to build a robust machine learning tool. Based on evidence collected from in-depth research, they decided to shift from the purely quantitative machine learning model to a mixed-method risk model that would take in qualitative inputs. Along with showing the most promise in the current situation, this approach increases the potential to expand the model's applicability to larger geographies.

While the design reflects a focus on results and the mechanisms to track implementation, the outcomes and impact tracking can be realised only when the project completes implementation. The tool is still in the development phase and uses input data from currently partnered brands. Since this is a tool for brands and is designed to be easily accommodated in the procurement process, there are no identified gaps at the moment. The only clutch point is to convince enough brands to adopt the tool into their process. According to ELEVATE, it is important for brands to understand that along with using this tool to detect the risk of unauthorised contracting, they need to carry out remediation processes like working with identified high-risk suppliers to help curb the incidence of this practice. Used in this way, the tool could help brands to focus their assessment efforts on those suppliers that are identified as high risk.

**Economically Viable:** ELEVATE's approach to reducing unauthorised contracting can potentially be applied to other geographies and sectors, with appropriate contextualisation. For now, the focus is on developing an accurate tool that can achieve the intended results in the apparel/RMG sector in India. Company A said that while they appreciate the potential of a similar data-utilising tool in similar sectors, they do not have any plans as of now to test its scalability. The tool has built in the ability to address the needs of multiple brands with a variety of operations within the RMG sector, given its relatively bespoke and easy-to-tailor design approach for a given brand. The project team has planned outreach to on-board more brands and their suppliers onto the tool. In terms of the existing demand for the tool, Company A communicated that, at present, this kind of tool is not available so there is no outright demand for it. However, once it is introduced, companies would be inclined to use it because it will be a strong value addition for them.

As the development phase is ongoing, the project team is looking for co-funding from new sources; though the details around funding and/or incurred costs were not divulged by the development team. Given the technical nature of the tool, it would need regular maintenance and upgrades. Brands will need to pay for the remediation of suppliers at risk of unauthorised subcontracting. According to Company B, the benefit of this investment will outweigh the expected costs (of building the tool, carrying out enquiries, remediation of at-risk suppliers), and would result in a very high positive externality in terms of upholding brand reputation, safeguarding human rights, and providing safe and appropriate conditions for workers. While this is not quantifiable, the

readiness of the brands to invest in using this tool and how they address the ethical issues and reputational risk will heavily influence the scale of impact generated through this investment.

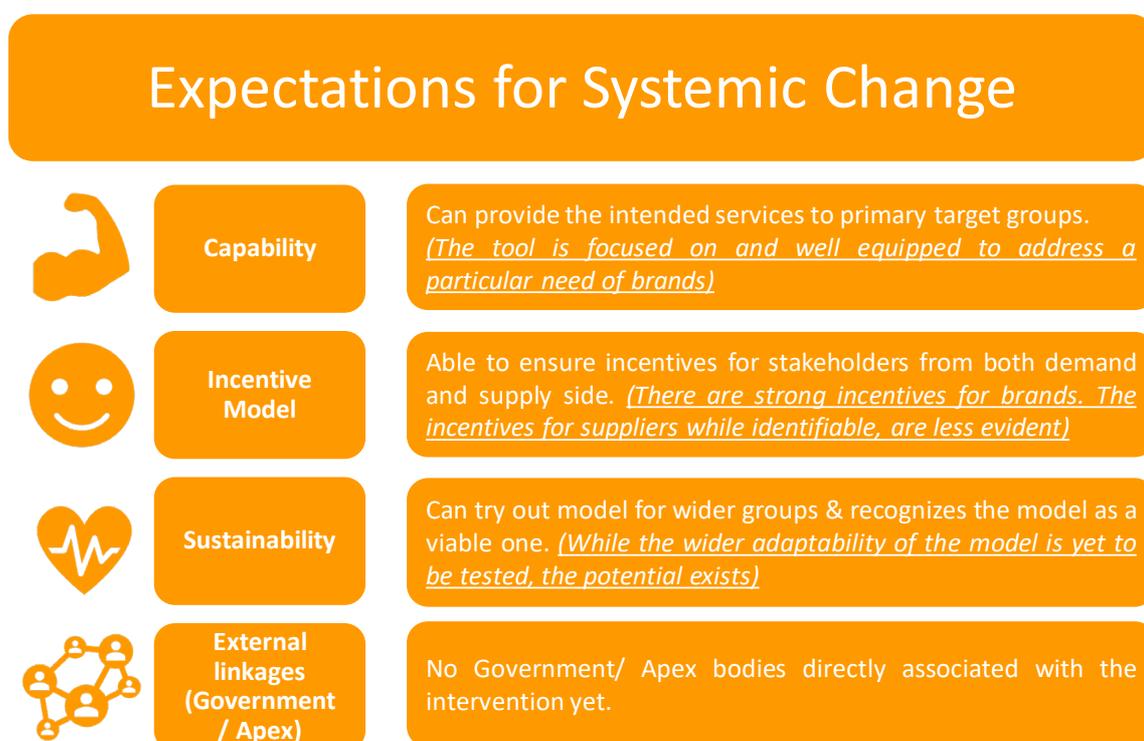
### Systems Change Framework

The SCF explores elements of the intervention from the aspects of sustained long-term impact and improvements in existing systems that govern the industry or space targeted by the intervention(s). This framework identifies the ability of the intervention in affecting system-wide change and how advanced the project is in the pathway-model identified.

#### Systems Change Framework Indicator Table:

Since the project is still in the development phase, the SCF analysis outputs only identify the expectations or indicate the projected state of the intervention once it is fully implemented.

Image 2: Systems Change Framework – Expectations of the Predictive Tool to impact the RMG sector



**Capability:** The tool is focused on addressing the needs felt by brands in the procurement process. While the project also uses inputs from the suppliers to understand their interests and issues, the tool mainly focuses on creating transparency in the procurement activities of the brands. According to ELEVATE, the tool is a necessary, but not sufficient, mechanism to confirm the presence of and remediate unauthorised subcontracting. That is, along with the implementation of the tool, brands also need to possess the mechanism and/or funds to invest in remediating suppliers that show a high risk of subcontracting once such issues are discovered by the tool; ELEVATE developed the remediation toolkit identified above to meet this need. Only a combination of an accurate application of the tool and diligent remediation efforts will produce the results of reduced unauthorised subcontracting. These efforts will help standardise and improve the production planning of brands across their suppliers, leading to improved contracting and working practices. The outcomes, when

observed upon tool completion, are expected to incentivise buy-in from brands at scale. This will, in addition to the corporate responsibility aspect, translate into tangible supply chain and reputational benefits for adopting the tool.

Being in the development phase, it is not possible to assess the tool's ability based on practical application and feedback. The expectation shared by the project team as well as the two stakeholders we engaged with is that the tool will be effective and can increase transparency in the supply chain as it is purpose-built, focuses on a specific issue, uses real procurement data from brands and qualitative inputs from experts. Company A, one of the interviewed stakeholders, already uses data analytics to help streamline their procurement process. Given the success of their experience with analytical solutions, they expect the tool to be effective. However, they will only develop a structured implementation plan once the tool itself is completed. Hence, the analysis of uptake of the implementation plan will be a factor in evaluating the impact of the tool and will be taken up as part of the 'second look'. From Company B's perspective, while a social audit constitutes the more common method of assessing such issues, it is not an efficient way to identify risks, as compared to the use of a tool like ELEVATE's, when linked with production and capacity analysis as part of the remediation process.

**Incentive Model:** The project aims to build a tool that would help brands assess the risk of unauthorised subcontracting in their supply chains. The tool depends on and requires buy-in from one stakeholder group – brands. The tool will help brands understand the portions of their supply chain that have been unable to cope with the capacity that they have taken on, and have therefore resorted to informal or unauthorised subcontractors to meet these demands. Additionally, the project hopes to help T1 suppliers see the benefits of this tool's review as a way of amplifying the transparency of their brand relationships, and also as a check that would keep them from resorting to UAS to meet orders beyond their capacity. According to Company B, while there is a lot of merit to this approach for brands, it must lead to the creation of safe working conditions for the employees involved, reducing exploitative labour practices associated with forced labour and child labour.

While a final version of the tool has not yet been implemented, the team is engaging with on-boarded brands to make sure expectations and interests are addressed. While the pandemic negatively impacted the quality and the quantity of available data, ELEVATE has course-corrected to incorporate qualitative insights into the model to offset these issues. The team is working to ensure that the tool is highly accurate to make it a high-quality application for brands and their suppliers.

**Sustainability:** The benefits of this tool, once implemented, will strengthen brand and supplier capacities and connections in RMG supply chains by boosting trust in suppliers, which in turn, will lead to greater engagement with suppliers who engage in authorised contracting and help in strengthening brand reputation. Meanwhile, suppliers that are cleared of the risk of UAS in their supply chain will be able to boast an ethical, well-structured production system and boost confidence in their clients: the brands. According to Company A, there is a strong likelihood of sustaining this intervention because a lot of brands have invested money into in-house solutions but have not been able to make good headway into this area, so there is scope for the tool to fill this unmet need in the sector, especially through collaborations. While the implementation and buy-in from the stakeholders will require some effort, once the tool delivers the identified benefits, its continued usage is highly probable. However, it remains a challenge to incentivize non-compliant suppliers to show their production issues and explain why they subcontract without brand authorisation. While this caveat exists, the updated approach of the hybrid model allows a more adaptive project, contributing to a strong case for its sustainability.

**External Linkages:** The project and the tool, by design, do not currently depend on or interact with governmental agencies or other organisations to develop linkages. Since this is a technological solution to help improve an existing procurement process, its focus is on building accuracy and ensuring outcomes for the stakeholders involved, especially impacting the brand's purchasing practices. As clarified by ELEVATE, the tool will be running on proprietary data, as provided by the recruited brands and as collected by ELEVATE. Hence, only companies that provide permission for data access and ELEVATE, able to access this data, will be able to run the tool.

## Implications & Recommendations

### Success stories

The project has engaged twenty-five stakeholder teams, including eleven brands and nine non-brand stakeholders (audit firms, multilaterals, NGOs, universities) intensively in the design and feedback phase. The project team has been able to generate interest from these organisations to provide their additions in the form of qualitative inputs, technical advice and social compliance and production data for the development of the predictive tool. Through these brands, the ELEVATE team has also successfully engaged various T1 suppliers to collect data for the tool. The team is currently collecting data from manufacturers and will conduct qualitative interviews for insights to integrate into the research.

### Enabling factors (Strengths)

- The partners (brands) consider the collaboration valuable and have expressed their interest in long-term engagement.
- Even with the restrictions due to the COVID-19 pandemic, stakeholders have continued active engagement with the project team and have provided support and data when feasible. The incoming data has been very informative and the team has been able to incrementally improve the tool.

### Challenges

- The teams had to tweak the implementation design due to the COVID-19 situation, which limited the scope of the initial plan. The on-ground data collection and verification activities had to be rolled back from 140 planned on-field assessment days to 70, due to the travel restrictions and risk of infection.
- While pandemic-restrictions were a major obstacle for the project, it also exposed parameters that required a re-look leading to adjustments in the model. Although this had an impact on the project plan, this re-alignment of parameters is expected of any tech-based experimental research project.
- The COVID-induced strain on the supply chain has discouraged some brands from committing to the project as they do not want to add more pressure on their supplier(s) and risk their order fulfilment.

### Key Recommendations

How can ELEVATE reframe its outreach approach for suppliers and brand actors to better facilitate the uptake of its predictive modelling approach?

- For those brands that are unaware of or not accurately identifying the actual cost of UAS, quantifying the cost of this lack of oversight can increase interest in the tool. Identifying the issues and using the tool entails certain related costs as well. It will be important to build a clear

understanding of the benefits and clarify that this identification of UAS is an opportunity to risk-proof supplier operations rather than as extra cost spent for remediation. Although the tool has not yet generated much data, using the ongoing research to present a cost-benefit analysis to brands will support the tool's adoption.

- Creating case studies out of historic international news about incidents of unauthorised subcontracting can be a reminder of the potential reputational risk faced by brands who are in the apparel sector. These past incidents and related legal and compliance ramifications can act as powerful motivators for brands to invest in programmes such as ELEVATE. The limitation here is that UAS is identified as an actual cost only when reputational impact arises from industrial incidents. These incidents are quite rare and, very often, their impact on the reputation is only short term.
- While government agencies and other stakeholders (human rights agencies etc.) are not direct contributors to the tool's development, their involvement may help in the uptake of the tool. These agencies have the potential to help brands identify and expose ground realities and urge brands and suppliers to participate in using the tool.

Since the project is still at its early stages, further recommendations will be possible only during the second look when the tool has been validated. As the predictive tool is the core of the project, a comprehensive analysis to assess its potential for systemic change will have to be further explored during the second look of the learning exercise.

Annexure 1:

Detailed Observations: Expectations based on the Better Fit Approach

<b>Transformative</b>	Maintains status quo	Would improve an existing service	<p>Would create a new service, or substantially improve an existing service</p> <p><i>(It is expected to improve trust between brands and suppliers and bring transparency to the system and improve the existing procurement mechanism)</i></p>	Would radically improve a service or create a new service – and could unlock change in other services.
<b>Inclusive</b>	<p>Serves one group within the community</p> <p><i>(Largely focuses on transparency in the supply chain at the procurement stage for brands)</i></p>	Considers the needs of excluded communities	Creates a clear role for excluded groups	Creates a role for excluded groups in leadership, planning and accountability
<b>Adaptive</b>	Does not offer effective measures of change monitoring	Offers some opportunity to measure and monitor change	Offers an opportunity to measure change, and takes this measurement into account for decision making	<p>Results can be measured and incorporated directly into targets and a system established for results-based decision making</p> <p><i>(The project has indicators in place to track progress of the activities and the linked results)</i></p>
<b>Economically Viable</b>	Identifies potential resources and sources only to circumstances in one community or locality.	Explores alternative resources and sources to make implementation more economic and may apply in some other communities (Co-funding is promising)	Negotiates effectively to make the deals economic and timely to make it widespread and uses approaches which are likely to be widely acceptable (High likelihood of co-funding)	Has been implemented in an economic and timely manner (Co-funding pipeline is strong)

	Costs for further development are prohibitive	<i>(The cost for development is moderate and the partners are open to co-funding options)</i>		
--	---	---	--	--

Annexure 2:

Detailed Observations: Expectations based on the Systems Change Framework

<b>Capability</b>	<b>Can provide the intended services to primary target groups</b>	Can offer the intended services beyond the primary target groups with quality	Offers additional related services with quality/ beyond the primary target groups with quality.  Other competitors/ similar service providers are showing interest/ gaining ability in offering the intended services	Other competitors/ similar service providers are offering similar services
<b>Incentive model</b>	Able to identify incentives for stakeholders from both demand and supply side  <i>(While there are strong incentives for brands, the incentives for suppliers while identified, are less evident)</i>	Additional gaps in service delivery for the targeted groups are minimised to ensure more incentive for both demand and supply side	Other competitors/ similar service providers are showing interest in ensuring both demand and supply side incentives	Other competitors/ similar service providers are ensuring both demand and supply side incentives
<b>Sustainability</b>	Try out the model for wider groups and recognises the model as a comparatively viable one	Make the model their mainstream practice	Other competitors/ similar service providers are recognizing incentive from the new model	Other competitors/ similar service providers are making the model their mainstream practice

	<i>(Given that the tool is in the development stage, we are not aware of the wider adaptability of the mode, but the prospects are promising.)</i>			
<b>External linkages (Government/ Apex)</b>	<p>Linkages closely monitor the progress and impact of the intervention</p> <p><i>(No Government/ Apex bodies directly associated with the intervention yet)</i></p>	Linkages provide well defined support and incentives to ensure programme/ intervention success	Linkages encourage similar programmes/ interventions or linkages with other similar programmes/ interventions	Linkages have made the intervention model a system norm