

**Fiji Textile Clothing and Footwear (TCF)
Training and Productivity Support Program**

AidWorks Initiative Number: ING945

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**INDEPENDENT COMPLETION REPORT (ICR)
FINAL**

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Aid Activity Summary

Aid Activity Name	Fiji Textiles, Clothing & Footwear Productivity and Support Program		
AidWorks initiative number	ING945		
Commencement date	1 November 2006	Completion date	31 January 2010
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Delivery organisation(s)	GRM International Pty Ltd		
Implementing Partner(s)	Fiji TCF Industry		
Country/Region	Fiji / Pacific		
Primary Sector	Textiles, Clothing & Footwear		

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The consulting team members wish to record their appreciation of the cooperation provided by all of the interviewed companies in Fiji. All were generous with their time and frank with their input to the assessment process.

We thank other stakeholders and interested parties contacted for their time and sharing their own perspectives on the TPSP.

This report was produced by the Triton Consulting Group, and does not necessarily represent the views or the policy of AusAID or the Commonwealth of Australia.

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Abbreviations and Acronyms

AusAID	Australian Agency for International Development
CDE	Centre for Development of Enterprises
CEO	Chief Executive Officer
CMT	Cut, Make, Trim
CR	Completion Report
Fiji TCF TPSP	Fiji Textile, Clothing & Footwear Training & Productivity Support Program
FOB	Free on board - price includes CMT plus fabric and costs of delivery and loading on vessel at port of origin
FTIB	Fiji Trade and Investment Bureau
GFC	Global Financial Crisis
GRM	GRM International Pty Ltd
HDP	Human Development Program
HR	Human Resources
ICR	Independent Completion Report
M&E	Monitoring and Evaluation
MDI	Melbourne Development Institute

MEF	Monitoring and Evaluation Framework
MIIF	Make It In Fiji
OH&S	Occupational Health and Safety
PIPSO	Pacific Islands Private Sector Organisation
PDD	Project Design Document
PITIC	Pacific Islands Trade and Investment Commission
QA	Quality Assurance
TCF	Textiles, Clothing and Footwear
TORs	Terms of Reference
TPAF	Training Productivity Authority of Fiji
US	United States
USA	United States of America
USP	University of the South Pacific

EXECUTIVE SUMMARY

Background

This Independent Completion Report relates to the \$A2.5 million AusAID funded Fiji TCF industry support Program 2007 – 2009.

The key objectives of the Program were to enhance the sustainability and international competitiveness of the Fiji TCF manufacturing sector through a series of technical and human resource interventions from a wide range of specialists.

The Fiji TCF industry grew out of the strong preferential access to the Australian market and the country import quota scheme in the USA. At one stage the industry employed around 20,000 workers in Fiji. With the abolition of the Australian TCF import quotas and the eroded preferences for Fiji made garments and footwear, by 2007 the industry shrank to around 25 factories employing about 4,000 people, mainly women.

Evaluation Scope

The two team members visited Fiji for two weeks for meetings with most of the companies involved in the Program and other stakeholders. The in-depth interviews with companies was the key evaluation tool and the team believes that this input was frank and realistic.

Findings

Program was **relevant** to both AusAID's Fiji country program and the broader theme of beneficial private sector development in the Pacific Islands. The Program was very relevant to the assessed needs of the Fiji TCF industry.

Program's **industry focused objectives** in terms of productivity and human resource improvements appear to **have been largely achieved**. A less quantifiable but very important outcome is an evident change in the attitude of the industry in relation to their responsibility to implement improvements and to adapt to the changed market environment.

Program was implemented in an **effective** manner, relative to its complexity and ambitious objectives. It will take some time to determine the medium term **impacts** but the interim outcomes indicate that there have been significant performance and attitudinal improvements. Program is a good model for industry sector technical intervention activities in the Pacific Islands environment.

The **sustainability** of Program activities is debatable. Despite the evident mind shift in most of the manufacturers there is a risk that some may revert to the previous reactionary business strategies without further outside and respected assistance to facilitate the required continuous improvement process.

Gender equality processes were put in place in 2008 when 60% of those participating in Program activities were females.

Monitoring and evaluation could have been improved through the establishment of frameworks on a company by company basis and any further assistance to the Fiji TCF industry needs to have a more robust M&E strategy than was the case in the PDD.

The Program was based on thorough **analysis** but more time should have been built into the Program to disseminate the numerous **lessons learnt** to stakeholders, relevant agencies and the private sector.

Conclusions

Program was well implemented in most areas and there are clear indications of productivity improvements in the industry. The Team Leader was the driving force behind the Program and the level of trust he developed with the industry resulted in outcomes and information sharing of an unusually high level.

The Fiji TCF industry does have a future but is unlikely to ever return to the past levels of activity. Despite their changed competitive position in the crucial Australian market there are sufficient numbers of smaller customers for whom Fiji manufacturers can offer a competitive edge in terms of lower volumes, quicker deliveries and consistent quality.

Recommendations

Further support for the socially and economically important Fiji TCF industry is warranted.

A new, modified 2-3 year program with a budget of up to \$A2 million should be considered by AusAID once a scoping study has been completed.

Focus of technical support would be in the following areas and build on the inputs already provided:

- Refined and in-situ QA technical inputs
- Organisation and planning management training
- Production planning and inventory management
- Programs to include floor workers in improved procedures and QA
- Manufacturing engineering improvements at a practical “on the floor” basis.
- More individual company tailored export marketing support.
- The technical support listed above is generally in accord with the training and productivity funding requested in a letter from TCF Council President (Appendix D)

Related components of the new program would include the strengthening of TPAF’s potential ongoing technical support for the industry, institutional strengthening of TCF Industry Council to improve sustainability and a more structured approach to working with other regional and international support agencies/donors.

A more robust M&E strategy and MEFs for each company should also be incorporated into the program from the outset.

Any new program needs to incorporate a financial commitment from the participating companies and at least one review stage to determine each company’s performance against agreed milestones and their eligibility for ongoing subsidised support.

Evaluation Criteria Ratings

Evaluation Criteria	Rating (1-6)
Relevance	6
Effectiveness	5
Efficiency	5
Sustainability	4
Gender Equality	5
Monitoring & Evaluation	4
Analysis & Learning	4

Rating scale: 6 = very high quality; 1 = very low quality. Below 4 is less than satisfactory.

INTRODUCTION

Activity Background

Primary goal of the Program was to enhance the sustainability and international competitiveness of the Fiji TCF manufacturing sector through delivery of technical and human resource interventions that would improve the efficiency, productivity, quality and market reach of the industry.

The Fiji TCF sector grew out of preferred access to the Australian market in the late 1980s/early 1990s. At this time the import duties on TCF products were relatively high and the duty free access accorded to Fiji suppliers who could satisfy the 50% local content rules provided an artificial stimulus to the industry. This, coupled with the country quota schemes in the US market and the generous tax incentives for export orientated factories in Fiji, resulted in an expansion of the industry and employment levels approaching 20,000 workers. The industry operated predominately as cut, make and trim (CMT) producers with overseas customers supplying most specifications, fabric and accessories.

With the removal of the Australian global and US country quota schemes and the subsequent loss of their competitive position, the industry declined in terms of both number of factories and employment levels. At the same time, China became a major supplier of increasingly good quality and competitively priced TCF products to the world market. By early 2007 the Fiji TCF industry employed only around 4,000 workers in approximately 25 factories.

The Program was intended to assist the Fiji TCF industry to improve its overall performance so that it would be able to adapt to the changed market environment. The various elements of the Program were based on initial analysis work with the industry in 2005 to develop individual business plans, with the aim of identifying the common impediments to a more competitive industry. The Program was designed by MDI in 2006 and implementation commenced in early 2007.

The Program is consistent with the AusAID Pacific Regional Aid Strategy 2004-2009 in terms of supporting stronger broad-based growth and expanding the productive sectors that drive this growth and provide income and employment opportunities. It also aligns with the Fiji country program which aims to mitigate the disruptions caused by political instability and to stimulate enterprise development. The TCF sector is a significant employer of urban and semi-urban poor, around 80% of workers are women and the industry is important to the Fiji economy in terms of both domestic and export revenues.

It should be noted, however, that the Program was not designed to lead to increased employment generation in the short to medium term. The Program was essentially about survival of the most capable TCF businesses rather than short term increased employment. The competitive position of the industry is such that it needs to focus on operational attributes to sustain itself and this will be a difficult transition for an industry built on CMT operations. In fact, several of the intended productivity improvements may lead to reduced employment levels and it will take some time for the industry to expand, if at all, to the point where overall employment levels increase.

Evaluation Objectives and Questions

The objectives of the evaluation were:

- To evaluate the Program's progress to date in achieving its goal, purpose and component objectives as outlined in the Program Design Document and the Monitoring and Evaluation Report; and
- Assess the value of, and identify options for, possible further assistance to Fiji's TCF industry, building on the Program's achievements to date, for consideration by the Australian Government and relevant stakeholders.

Evaluation Scope and Methods

Prior to traveling to Fiji team members met with Peter Bennett in Sydney, liaised with GRM in Melbourne, had a telephone conference call with Madeleine Moss, AusAID - Canberra and reviewed the design documents and Program reports supplied by GRM. Background research was undertaken on support programs for the Australian TCF sector, the current status of this industry and trends in both the Australian and overseas TCF markets in advance of the visit to Fiji.

Team visited Fiji from 19 – 30 October and had (mostly pre-arranged) meetings with:

- 11 of the companies involved in the Program.
- Peter Bennett, Australian Team Leader.
- Ros Fraser, QA specialist.
- Llew Wethem, marketing team specialist.
- President of TCF Council.
- TPAF.
- Ministry of Commerce, Industry and Trade (Fiji Interim Government).
- PIPSO.
- Mike Wilson, G.M. Holiday Inn (local uniform customer)
- Neil Underhill, local accountant and entrepreneur.
- Australian based technical consultant to company (30 years experience in QA with Yakka).
- FTIB.
- Fiji Export Council.
- Forum Secretariat, and
- Attended the launch of the TCF Council industry website in Suva.

Methods: Evaluation was based on structured lines of enquiries (Appendix A) for participating companies to determine their satisfaction with the Program, any measurable outcomes and their views on the most appropriate way forward. Each interview lasted from 1.5 hrs to 2 hrs and was held with the senior executive on site. The interviews were structured to elicit input on the outcomes from the key activities nominated in the PDD. A summary of the responses/input from interviewed companies is shown in Table 1. (Appendices A, B and C) provides further information on methodology and those interviewed.

On return to Australia the team followed up with Peter Bennett on several issues and for input on some activities that were not included in the Program reports. The team also had further discussions with MDI/GRM Program managers and undertook a meeting in Sydney with Mahendra Dahia of Dahia Shoes.

The prime information source to determine progress in achieving the Program objectives was the extensive interview program with participating Fiji companies, supplemented by the input from technical support team members. In both cases the responses were objective, even self critical, and the team believes that the input was appropriate for an independent evaluation.

Program outcomes were not finalised at the time of the draft ICR preparation and as a result some anecdotal evidence had to be relied upon. There was, however, some objective data available – overall industry financial performance data and quality assurance re-audits, and these were also taken into account.

Limitations: there were some limitations to using qualitative interviews as the primary method for data collection, analysis and evaluation. However, as the interviews proceeded the team became confident that the qualitative approach, supported by a quantitative judgment on the training components was a sound method. Furthermore, the consistency of high rating responses, and the openness of those interviewed resulted in a sufficient body of information from which conclusions could be drawn.

Assumptions: the evaluation team thoroughly reviewed the TOR documents prior to leaving Australia and had further discussions with Australian High Commission staff in Suva to obtain a comprehensive understanding of requirements. This preparatory review process ensured that the team's field review was **focused** on PDD objectives, work plans and M&E framework and free from any other **prior assumptions** about TCF TPSP outputs and outcomes.

Evaluation Team

The evaluation team comprised:

Martin White, team leader – has carried out numerous diagnostic assessments for businesses located in Australasia and US during a consulting career spanning over 20 years. Most of his consulting assignments have been in the manufacturing sector and include appliance, automotive, food, beverage, metal fabrication and TCF companies. Martin delivered the supply chain management education and training to the Fiji TCF sector and became familiar with the numerous issues facing companies in a rapidly changing environment.

John Hardin, team member – has undertaken business and export development projects in Fiji for over 20 years, has extensive experience in the Australian TCF sector and has completed numerous reviews of private sector development projects in the Pacific environment. John undertook the initial Social Compliance audits and this provided him with insights into the various companies. He also reviewed the export market research reports.

The two team members brought an appropriate mix of technical and business development expertise to the evaluation.

EVALUATION FINDINGS

Company Responses

A total of 11 companies that participated in the Program were interviewed in depth and were asked for input on the effectiveness of each of the activities. A summary of the responses is set out in the following table. Where total response numbers are below 11 a company did not participate in the particular activity or the respondent could not recall input.

Table 1: SUMMARY OF COMPANY RESPONSES

Ratings: Low High

TRAINING & SUPPORT COMPONENT	1	2	3	4	5	Comments
1. Operational Audit Responses 8			2	4	1	High (+) Audit set the foundations for the program interventions and identified the company's weakness Neutral (±) The audit was not clear on next steps Low (-) The recommendations were not relevant
2. Quality Assurance Responses 11		1	1	8	1	High (+) It raised awareness in key areas for QC personnel. Neutral (±) Not enough time spent on implementing system Low (-) We had a quality system and were accredited as a supplier to markets in NZ Aust. and US. Did not really need another QA audit.
3. Social and Environmental Compliance Responses 11		1	1	7	2	High (+) Very timely. Helped us take a step forward and understand value of this audit process. Neutral (±) Somewhat useful but had own OH&S procedures. Low (-) Comment : company could not accept importance.
4. Supply Chain Management Responses 7	1	2	2	1	1	High (+) Very good workshop but have only introduced certain improvements. Others will be in the future Neutral (±) Training was too theory based and there was no follow up Low (-) Not relevant to us
5. Interpersonal & Supervisory Skills						High (+) Our company had no previous training. Now we hold weekly meetings which have led to better behaviour. Neutral (±) Low (-)

Responses 9				5	4	
6. Team Building Skills Responses 7				6	1	High (+) Useful course, helped us improve interpersonal skills Neutral (±) Low (-)
7. Leadership Skills Responses 9		1	1	5	2	High (+) Major impact on senior management. We have applied the learnings to great effect. Neutral (±) Some people liked, some did not think the changes applied to them Low (-) Not effective enough, needed more hands-on help
8. Change Management Skills Responses 6			1	3	2	High (+) The session reinforced need for change. Neutral (±) It was more of an information session than a tangible outcome Low (-)
9. Planning & Organisational Skills Responses 7			1	3	3	High (+) Fantastic workshop. Helped staff to understand key issues. Training is reinforced regularly in-house. Neutral (±) Not long enough for this important issue. Need more help in this area, perhaps link to SCM ?
10. Production Line Skills Responses 10		2	3	2	3	High (+) Overseas expert made some practical suggestions and directed us to technical improvements which have been implemented Neutral (±) Consultants needed to spend more time providing practical inputs on the factory floor. Low (-) Although very experienced & knowledgeable consultants were not effective hands on trainers.
11. Market Research Responses 8		2	2	3	1	High (+) Gave a good overview of markets. Neutral (±) Reports a good start but TCF Council has not received a marketing report to move forward. Low (-) We were expecting qualified leads and reports told us little that was new.
12. Market Development Responses 8		1	1	4	2	High (+) Helped identify positive business leads. Industry website is very good. Neutral (±) Customer leads have been provided but the contact results have not been positive. Low (-) Our company had a better customer data base than the consultants.

On the basis of this study alone, it is difficult to be certain about the outcomes of the 12 training and support components. Further assessment beyond the completion date will indicate how much of the training has been used and sustained as regular practices. This point is expanded upon in the conclusion and recommendations section of the report.

The TPSP followed a logical and structured sequence aligned with the training and development needs identified in the PDD. The first three modules provided a platform from which additional education and training could be built.

Firstly, an operational audit was used to determine the current state of performance in production efficiency, productivity, raw materials management and overall quality assurance in individual company's operations: 62% of respondents found this audit process useful. Secondly, a quality assurance training module was delivered to raise awareness of the need for competencies in source inspection for factory personnel: 80% of respondents rated this training highly, although it was thought that it may have been more effective had more time been given to implementation of a QA System. The team agrees with this latter comment.

Thirdly, a social and environmental compliance audit was carried out on the companies. This component was rated highly by 80% of companies. Although the rating indicates a realization of their lack of knowledge, this is an area where Fiji companies lag behind standard practice found in Australian and New Zealand companies. The linkages between compliance to efficiency, effectiveness and marketing have probably still to be made.

Training in supply chain management was identified in the early design stage as important due to Fiji's reliance on imported inputs. This training was, however, regarded as too advanced for the majority of companies. Although this is probably a correct opinion it is worth noting that the more advanced companies believe that supply chain management will soon become an important discipline to adopt as competitive pressures increase.

Both the interpersonal and team building skills workshops were rated highly. The positive feedback from the interviews was that the workshop was often the first time the supervisors had been educated and trained in these skills. Not only were the skills useful in the workplace they were also helpful in their family relationships. It was noted that some of the longer serving supervisors were still having difficulty in changing from the traditional command-and-control management style to a more participative approach, particularly when supervising female operators.

The leadership and change management awareness and training sessions were designed mainly for the senior management level. As can be seen from Table 1 the majority of ratings from this level were in the high quartile. The lower ratings are more a reflection of opposition to the proposed changed approaches, rather than a criticism of the training - this range of responses is common in a group of established entrepreneurial type business managers. More education combined with competitive forces often move peoples' opinion and behavior.

Module nine – planning and organizational skills was well regarded. Once again the feedback from senior management was that this was the supervisors' first exposure to these basic but fundamental skills. One of the respondents has wholeheartedly incorporated the planning practices into their business but this is the exception. We conclude that more training, to reinforce the practical benefits of improved practices, is required across the whole industry.

The responses on production line skills training were mixed. Although some companies valued the knowledge transfer others rated it towards the low end of the rating scale due to teaching style expectations and/or insufficient time spent "on the floor". Finally, the market research/development support modules were judged to be above average on a satisfaction rating but some manufacturers felt that qualified leads were not up to their expectations. There was a positive attitude to the new industry web site.

As can be seen from the above analysis and Table 1 ratings and comments, there was an overall positive response to the value of the inputs by the companies. However, designing relevant and effective training to meet the expectations of a group of TCF companies at different levels of maturity and understanding is a challenging task. A flexible approach was used to meet the TCF TPSP objectives in a rapidly changing environment and this is discussed further in later sections of this report. Flexibility was adopted in the delivery of 12 training and support components to take account of the unexpected and rapid downturn in the Australian market in late 2008/early 2009. For example, emphasis allocated to quality,

delivery and survival during the GFC in the first quarter of 2009, rather than the originally scheduled training. This approach, coupled with the base training delivered over the previous two years, proved to be very effective in helping the industry to survive over a very challenging period.

Relevance

The Program is considered to have been very relevant to AusAID's Fiji country program and to the broader theme of beneficial private sector development in the Pacific Islands. It was also highly relevant to the needs of the TCF industry in Fiji as it addressed, in a well planned manner, the key challenges confronting the industry as a whole and those faced by individual companies.

Among the key industry sectors in Fiji the TCF industry represents an important opportunity to mitigate the social and economic impact of political turbulence. The significant tourism industry comprises numerous overseas owned or linked players and, while vulnerable to political disruption, is more able to readjust and survive. Agriculture and agri-business projects are also prone to disruption but these diverse and often problematic industries do not represent the same opportunities for an industry specific strategy similar to the TCF sector.

From a social perspective employees in the Fiji TCF industry are generally from the poorer segments of the community. Normal weekly incomes range from \$F70 - 80 (\$A45 – 50) per 40 hour week and most new employees can be classified as unskilled. The great majority of employees can be regarded as relatively disadvantaged females with few, if any, other income earning opportunities. Although the majority of female employees earn relatively meager salaries they often represent a crucial level of supplementary family income.

The survival of a more productive TCF industry is therefore clearly important to Fiji in terms of employment, social stability and exports. From the team's perspective there are opportunities for the industry to consolidate and perhaps even grow slightly in the longer term. Given the parlous state of the Fiji economy any effective measures to support this industry should be given serious consideration.

From an industry needs perspective the Program is considered to have been very relevant in terms of overall approach and industry needs. Based on the team's industry contact program in Fiji it was clear that the technical interventions were regarded by the companies as useful, relevant and beneficial.

Effectiveness

When the Program commenced there was no logframe but this was rectified in the first year of operation. The Program outcomes logframe is divided into three key areas – improved productivity, improved human resources and improved sustainability.

It should be noted that the Program objectives focused on productivity and other improvements in the industry. There were no objectives that related to retained/increased employment in the industry, nor to the community or broader economic benefits that would flow from a more competitive Fiji TCF industry. Accordingly the effectiveness of the Program relates to the specific company/industry related outcomes.

In terms of the key achievement criteria in each area, the team's conclusions are as follows:

Productivity

Technical skills of staff: companies reported that the various interventions had benefited management and supervisor staff from planning/scheduling, HR management, QA and production perspectives. In a number of cases the companies have actively followed up the training through in-house refresher sessions and have reinforced the messages with changed and beneficial procedures.

Improved offer to customers in terms of a value proposition: it was clear from the industry contact program that there was a good understanding of the need to offer more than a manufacturing location at a reasonable price. Quality standards have improved marginally but more work needs to be done in this area – in most cases related procedures have improved but the lower than expected pass rates during the Program's final product quality audit indicates that companies need additional assistance. Most companies have increased their number of customers in markets such as Australia but the less than optimum involvement of companies in the marketing element of the Program indicates that there is a need for more assistance in this area.

Improved change management capacity of owners and executives: in the Fiji environment change needs to be driven from the top down and in this regard it was clear to the team that most senior executives are better equipped and prepared to change their operations in line with the changed international market. This is evidenced by their willingness to adopt some key manufacturing and process improvements recommended by Program consultants, an increased number of new and different customers and a related change in production to satisfy the customers' requirements. These changes have, however, evolved gradually and in most companies there needs to be constant vigilance to avoid moving beyond the decision makers' comfort zone. It should also be noted that several remaining TCF companies are owned/controlled by overseas parties who provide both the market and overall strategic direction – the scope for these manufacturing bases to move beyond production and quality enhancements is relatively limited.

Improvements in production processes: generally good outcomes with several companies reporting significant productivity and QA improvements. More needs to be done but it is clear that the foundations have been established in most participating companies and that targeted additional technical inputs would build on the achievements to date. One of the lessons learnt is that in-situ training and guidance is the most effective and in some cases the companies were disappointed with the awareness and conceptual approach of some specialists and would have preferred more "on the floor" practical technical guidance.

Human Resources

Improvements in HR leadership and management skills: generally good outcomes in terms of changed attitudes and practices. It was pleasing to note that several companies were regularly reinforcing the key messages of the program's training courses through in-house workshops. The international recession saw most Fiji TCF companies reduce staff, including supervisors, and as companies begin to rehire as a result of improved conditions there is an evident need for ongoing middle management training in the industry.

Improvements in business planning and market development capacity: the achievements in this area are difficult to measure but it does appear that the outcomes are generally positive. A significant achievement is the evident changed attitude of the company owners/executives in relation to their responsibility for needed improvements and their willingness to implement change – this represents an important reorientation in thinking and augers well for further productivity improvements. Some companies have also adopted a more strategic approach to their business operations and have adopted strategies to respond to the new market conditions, including implementation of best practice manufacturing techniques such as quick

response to demand. Others have been slower to embrace change and will require further guidance and assistance. The relatively recent market development inputs were subject to varied reactions from companies (the market research reports were regarded by some as too broad in nature) and it is too early to make a definitive judgment on the outcomes from the market support activities. Export development support was, however, a common priority amongst those interviewed companies not already locked into supplying garments to their overseas owners. The export marketing aspect of the program included the launch of the industry and linked company websites – an admirable output in itself but the lack of communication on the proposed follow up activities has raised some concerns amongst companies.

Data Collection and Performance Management

Mechanisms to determine productivity improvements: such mechanisms have been put in place and this is a good achievement in light of the industry's traditional reticence to provide any commercial-in-confidence data. Financial performance data remains solely within the hands of the Australian Team Leader and can only be reported on an industry aggregate basis. This is not ideal but it was the best possible outcome for this unproven Program, at least in the minds of the participating companies.

The negative performance data collated for the period ending March 2009 (Mid Year Progress and Evaluation Report) reflects the international recession and should not necessarily be seen as a failure of the Program. Most interviewed companies reported that sales, orders and enquiries had improved markedly since the third quarter of 2009 and most felt that 2010 would be a relatively good year. It is a testament to the overall effectiveness of the Program that companies persevered with training and with implementing technical improvements despite the related disruptive changes when the market outlook was bleak.

Up to date performance data will be collected in late 2009/early 2010. This is likely to show continuing weak financial performance but, as already mentioned, this is more a reflection of the difficult international market situation and should not be taken as an indicator of any program shortcomings. Improvements in key performance indicators should be evident from this data but it should also be noted that the timing of the collection coincides with an evolving transition of the Fiji TCF industry and the longer term benefits over the next three years will be more relevant.

Efficiency

Program was implemented in an efficient manner and it appears that through the leadership skills of Peter Bennett most consultants went the 'extra yards' in providing pro bono follow up inputs.

The Program provided a mixture of activities, ranging from training workshops and in-house individual consultations to industry breakfast meetings and the establishment of the industry wide website.

There were numerous inputs from different technical specialists over the three years and these were managed in a cost effective manner. It was also evident that the Program adapted to changed conditions and there were appropriate Program amendments in reaction to lessons learnt. A shortcoming was the concentrated series of training and technical inputs in 2008 and 2009 that tended to overwhelm the industry and it would have been more effective if these were programmed over a longer period. (On the other hand, the availability of the relevant experts required in each area was always going to cause time management and logistical problems). There was a good mix of technical inputs, training programs and owner/executive workshops that allowed for approaches that secured the most appropriate

outcomes. Some of the specialist technical inputs would have resulted in more efficient outcomes with greater focus on practical, on the floor guidance to operational staff.

It also appears that the implementation of the Program was unduly rushed in the early stages. The desire to get the program underway is understandable but much would have been gained if there had been 8-10 weeks to plan implementation and develop the required logframe and a more tailored M&E strategy.

GRM's management fees represented approximately 25% of the total project costs and this is on the high side given the pivotal role of the Team Leader and the high percentage of in-country work that did not usually involve GRM staff. On the other hand, the Program was well managed and GRM appears to have undertaken their liaison and reporting roles to the satisfaction of AusAID.

Impact

As with many private sector development strategies the objectives of this Program were ambitious and very difficult to quantify in the short term. It may take up to 5 years for tangible impacts to be verified given the usual evolution in changes to business practices.

Nonetheless, the team's conclusion is that the industry has moved to a different and better stage in terms of understanding the changes required. There is a much greater awareness of the need to adapt to the dynamic market environment. TCF companies are beginning to establish improved systems and procedures in response to the new pressures. The measurable impacts in terms of companies' financial performance are disappointing but these were impacted by the unexpected GFC.

Overall it is evident that the Program has resulted in positive impacts. As already mentioned, there is an evident 'mind shift' amongst most companies in the industry and this should not be underestimated in terms of significance and potential medium term impact. Each company also reported measurable productivity improvements, varying levels of management development and good progress towards vastly improved QA procedures and processes.

An Australian clothing QA and production expert who has been working as a short term consultant with one of the companies stated in a private meeting that the company "had come a long way in the last 3 years" in terms of overall efficiency and quality standards. Another company managed by an experienced overseas clothing production expert said that on a scale of 1-10 the company had moved from 1 or 2 to a 7 in terms of productivity and QA over the last 3 years. This was a common feeling amongst the interviewed companies, who were surprisingly self-critical, and it also reflected their view that they need to improve further.

Other broader impacts reported by interviewed companies included overall better management practices, a recognition amongst some staff and direct operators that companies were trying to improve and make their jobs more secure. Also reported was a growing appreciation by customers that through the Program companies were genuine about improving performance, presumably as a result of customer visits, promotion efforts of the companies themselves and publicity in Australia.

Another impact consideration is counterfactual: whether the industry would have improved without the Program inputs, as a result of competitive market pressures. There are some indications that several companies had begun to introduce QA, production and management improvements in 2005/06 but these companies agreed that the program reinforced and expanded their efforts. Other companies had not commenced serious improvements and reported that the Program had both opened their eyes to the required changes and facilitated their introduction. On balance, the team believes that, at worst, the Program stimulated and

facilitated required improvements and in most cases it was the catalyst for significant changes and improvements.

Sustainability

With the exception of a few companies it is not evident that the 'mind set' changes and improvements are sustainable. There is a risk that some companies will revert to traditional practices in their comfort zone when sales improve (most expect 2010 to be better based on improvements in late 2009).

The sustainability impact of the Program is therefore yet to be proven. There remains a real risk that the companies and middle management will regress into previous practices and that the necessary continuous improvement approach will stall without further support, encouragement and constructive criticism from outside parties respected by the industry. This potential problem is not a direct result of shortcomings in the Program: it reflects cultural norms in the Fiji workforce and is a legacy of the industry's previous preferred access to the Australian market that had a counterproductive impact on motivation for change/improvement. It will take some time to move the key players out of their historic reactive and production focused approach to customers, to convert them from producers to merchandisers as well as top class manufacturers and to establish management and work practices that allow companies to compete effectively in overseas markets.

It could be argued that there was a shortcoming in the Program in terms of localising the training and advisory expertise of the specialists who visited Fiji from overseas. While recognising that some specialised skills would be difficult to localise, there were insufficient resources allocated to maximising flow-on institutional and trainer strengthening benefits to TPAF during the Program, nor were there sufficient linkages with other organisations that could have enhanced sustainability. Such a commentary does not, however, take into account the efforts of the Team Leader to develop a closer relationship with TPAF (including an agreed joint funding of one of the technical input activities) nor his efforts in working with other bodies – CDE, PITIC, FTIB and the Fiji trade commissioners in Australia and the USA. In this respect the Team Leader went beyond the PDD and in the case of CDE he was close to organizing additional support for the industry that was eventually rejected by the EU because of the political situation in Fiji. Nonetheless, in retrospect appropriate resources should have been allocated to collaboration with other agencies from the outset of the Program.

Gender Equality

There was adequate recognition of gender equality in the Program. Around 80% of industry employees are women and all management and supervisor training was provided equally to men and women. The fact that one of the key and most frequent visiting specialists was a woman (Ros Fraser) ensured that her training and empowerment of related staff included a gender sensitive element. Janet Nichols undertook the supervisor training and this was both gender sensitive and highly regarded.

In terms of gender participation and capacity building the percentage of females taking part in Program activities were as follows:

- 2007 – 55%
- 2008 – 60%

Monitoring and Evaluation

Monitoring and evaluation initially confronted difficulties because no logical and structured framework was established from the outset. The resulting catch-up approach was by no means ideal but a more detailed Monitoring and Evaluation Framework (MEF) was established.

This MEF contains both broad and specific indicators with associated expected outcomes that are defined on an industry wide basis. Other M&E related activities – industry wide financial performance, documented productivity improvements and the re-audit processes for QA and social compliance – were all positive and helpful aspects of the program. There was limited follow up evaluation of the management training activities.

The M&E system did allow for measurement of industry improvements and overall progress towards meeting the Program objectives. It would have been improved if more specific and measurable indicators had been established and monitored for each company to capture progress towards achieving the program objectives on a company and industry wide basis.

It needs to be accepted, however, that sensitive and detailed financial information would have been difficult to include in the MEFs and the process whereby the Team Leader collected the information on a confidential basis and then collated this on an industry basis was the best possible outcome in terms of financial performance data.

A shortcoming in the PDD was inadequate resources and preparation allocated to M&E. A more effective approach would have been the allocation of sufficient planning resources for a more carefully developed M&E in the early planning stages and the nomination of a dedicated person to prepare MEFs for each company and to undertake the follow data collection and evaluation. If this had occurred the Team Leader would have been involved in the initial M&E design and then proceeded to delegate the management of the process to the dedicated resource. This approach would have released the Team Leader from the time consuming monitoring and follow up requirements.

Given that the Program had the potential to be a useful model for an industry sector intervention by AusAID or other donors, a more robust M&E process should have been included from the outset and based on a carefully thought through Program Impact Logic.

Analysis and Learning

The Program approach was based on a needs analysis of the industry undertaken by the Team Leader and Program Designer in 2005 and the initial scoping study identified the need for extensive business planning support. The industry's needs were further refined during this business planning process and as a result the inputs were generally regarded by the industry as needed and relevant. However, there was also a constant process of learning throughout the program, with appropriate changes/modifications implemented. The flexibility of the Program was, in fact, one of its strengths.

A shortcoming in the PDD was the absence of processes to extend the lessons learnt from the Program to other government and donor agencies, despite the Team Leaders best efforts in this area. It would have been useful to arrange a workshop presentation of all existing and potential stakeholders at the end of the Program to explain the approach, outcomes achieved, lessons learnt and the implications for similar industry intervention/support programs.

EVALUATION CRITERIA RATINGS

Based on the conclusions already outlined, the team's evaluation criteria ratings are as follows.

Evaluation Criteria	Rating (1-6)
Relevance	6
Effectiveness	5
Efficiency	5
Sustainability	4
Gender Equality	5
Monitoring & Evaluation	4
Analysis & Learning	4

Rating scale:

Satisfactory		Less than satisfactory	
6	Very high quality	3	Less than adequate quality
5	Good quality	2	Poor quality
4	Adequate quality	1	Very poor quality

CONCLUSION AND RECOMMENDATIONS

CONCLUSIONS

Program Effectiveness and Outcomes

The team concluded that the Program has been of considerable value to the important TCF industry in Fiji. It was an ambitious Program that attempted to address a wide range of challenges but the outcomes justify the allocated resources. The outcomes are even more impressive when it is remembered that the Program involved an industry with numerous inherited weaknesses and which operated in an environment that was not conducive to internationally competitive TCF manufacturing. The Program was also adversely impacted by the global downturn in late 2008/early 2009 - this has had a negative impact on the financial performance of the industry but should not be taken as a marker of the Program's effectiveness.

The Program was implemented in a professional manner and achieved strong links into, and support from, the Fiji TCF industry. The main credit for this rests with the Team Leader who managed to gain the trust and respect of the industry and who galvanised the various technical specialists to the point where most went beyond their contracted obligations to assist the industry and the Program.

There were some shortcomings in the compacted training inputs in 2008 and 2009, the less than ideal technical inputs in some areas and in the weak transfer of skills to potential local and regional service providers.

It is important to understand that such an ambitious and broad Program will take some time to demonstrate tangible and sustainable outcomes for the Fiji TCF industry. It should also be noted that there can be no expectation of increased industry employment in the short to medium term; this Program was more aligned to stemming the decline of the industry through productivity and quality improvements and it would be unrealistic to expect a short term increase in employment. In fact, many of the productivity improvements will eventually lead to reduced labour inputs per garment and an increase in total employment would only stem from increased industry sales volumes. Hence the crucial importance of the industry being able to present an improved product-service offer to buyers, coupled with improved merchandising skills and strategies, if it is to remain viable and even grow slightly.

Future of Fiji TCF Industry

A fundamental consideration in determining any future support for the Fiji TCF industry is the prospect of its survival in the changed market environment.

Australia remains a significant market for most of the Fiji TCF manufacturers, followed by New Zealand. Some manufacturers, such as Jack's and Intimate Apparel, receive income from sales in the domestic market and others, such as United, PFD and Lyndhurst, are linked closely into supplying their Australian owners.

With declining margins of preference in the Australian market (global TCF import duties will decline from 17% to 10% in 2010 and further in future years) Fiji suppliers will need to focus on customers/market niche opportunities that offer them some protection against the strong price competition from suppliers such as China. The merchandise-service advantages offered by Fiji suppliers should include lower volume orders, relatively quick response, consistent

quality and all the factors inherent in good customer service. The same principles apply in the New Zealand market but there is more local production competition in this market.

It will, however, not be an easy task to provide and sustain a consistently attractive offer to lapsed, current and new customers in Australia and New Zealand. Chinese and other lower cost suppliers have adopted lower minimum volume orders in recent periods as a result of the serious downturns in the key US and EU markets and their improving quality standards remain a challenge to Fiji. Securing increased business in Australia and New Zealand will require a long term commitment on the part of the Fiji manufacturers to consistently deliver good quality and the level of customer service that was not always necessary when selling on a CMT basis into a market offering significant tariff preferences.

The TCF industry in Fiji is constrained by weak supporting services and physical infrastructure, relatively high export freight rates and its reliance on imported inputs from fabrics to labels. In most respects the industry would never have developed to the extent it did without the artificial advantages provided by the preferred access to the Australian market. It can also be argued that the previous 50% minimum local content rule actually discouraged productivity/efficiency improvements that would lead to reduced labour and management overhead costs.

This is not to say, however, that the industry will necessarily continue to decline and eventually become a small number of manufacturers servicing primarily the local market. There are evident opportunities in the Australian, New Zealand and other overseas markets that can be tapped by Fiji TCF manufacturers able to provide the necessary product-service package. The reliance on imported inputs represents a challenge but this is not insurmountable and the reduced minimum local content of 25% is easily achievable.

The marketing element of the Program has demonstrated that there are numerous potential smaller customers who are unable to satisfy the minimum volume requirements of China and other larger scale suppliers and who find it increasingly difficult to get their lines to market because of the limited local TCF production, especially in Australia. These customers are, by necessity, less price sensitive and usually have few sourcing options. Fiji suppliers who are prepared to offer flexible volumes, acceptable quality and relatively quick turnaround can secure business with this large group of individual customers whose combined orders can be sufficient to sustain the existing TCF manufacturers in Fiji.

There is also scope for a more collaborative export approach by the Fiji companies but this will take some time to develop and is not something that can be forced on the industry – if there were further support to the industry there needs to be an overarching objective to link the marketing support with technical inputs that would, inter alia, support more collaboration and even future clustering of compatible suppliers.

The Fiji suppliers will need to continue with their flexible volumes, further enhance efficiencies, embrace improved electronic design and transaction processes and adopt a more customer friendly approach. There are clear signs that the key TCF manufacturers in Fiji are prepared to adapt and most have already done so to varying degrees. The implications for the industry, however, is that their production and management procedures will become even more complex/diverse and those without the required commitment to change may fall by the wayside. Those with the commitment could be legitimately regarded as worthy of support.

On balance, the team felt confident that the core of efficient and adaptive TCF manufacturers in Fiji will be able to survive and, indeed, some are likely to expand their operations. While it is high risk to try and predict the future of the industry there is every likelihood that at least 10 capable and relatively prosperous manufacturers will be operating in Fiji in 5 years time. Total employment in the industry is likely to remain at around 4,000 as companies strengthen and

even expand their market reach, despite continuing productivity improvements that will put downward pressures on staff levels.

Accordingly, any future assistance afforded the industry should not be regarded as providing public monies to sustain a non-viable industry. From AusAID's perspective the retention of a smaller number but capable TCF manufacturers in Fiji would assist in strengthening the private sector, mitigating the adverse impacts of political turbulence and in providing incomes for relatively disadvantaged women in urban and semi-urban areas.

Such support for the industry would also consolidate the model value of the Program. While not directly replicable to other Pacific economies where TCF industries are small/fragmented, the industry sector wide approach of the Program would have valuable lessons for other industry sectors in the region, such as tourism and agribusiness. Improved M&E and linkage/lesson dissemination processes would, however, need to be put in place at the commencement of the initiative.

RECOMMENDATIONS

Rationale for Second Stage

The Fiji TCF industry warrants further support for strategic, economic and social reasons. The AusAID support Program of 2007-09 certainly laid foundations for survival and improvement. Furthermore, the TPSP has proven to be relevant and effective in assisting the TCF industry. The good progress that has been made by the participating companies, despite volatile conditions, needs to be sustained through support to mitigate against the risk of regression. In essence, the team believes that a support program, in a modified form, should be considered by AusAID.

The Program has strongly influenced the attitudes of key industry leaders in that they have embraced the market changes by responding with support to new methods and practices in their businesses. This new thinking needs to be built upon through further support to ensure the newly introduced practices do not degrade as sales volumes increase post-GFC.

One of the consequences of the GFC was the need to reduce costs by retrenching middle managers and frontline supervisors. The market situation in 2010 is likely to require the recruitment of new staff that will need to be inducted and trained in the new system approaches. Once again this is vital to consolidate improvements made and avoid slippage.

The second stage program needs to draw on the lessons learnt from the 2007-09 Program in a number of areas and these are incorporated in the recommended focus areas set out below. From a broader perspective, a second stage program should entail the following key features:

- A 2-3 year program that is targeted to specific areas but flexible enough to allow tailored technical support to individual companies.
- The program should also be designed to deliver industry wide programs and involve a financial and in-kind contribution from participating companies.
- The program would be open to all relevant companies but they would need to submit a formal request that outlines their improvements to date, current productivity baselines, and to detail the specific assistance required and the rationale behind their request.
- A budget of around \$ A2 million may be required but this would need to be refined by a scoping study and pending outcomes from efforts to work collaboratively with other agencies (see below).

Collaboration with other Agencies

Built into the program design should be a plan to strengthen potential ongoing technical and training support from TPAF and other capable local institutions (for example, University of South Pacific in terms of management training). Each technical input should incorporate on the job training/strengthening of local trainers and potential trainers in TCF companies.

From the outset the program should also involve the maximum feasible involvement of donor and other organizations to maximize impact and reach. This should involve an initial half day workshop to present to potential partners the lessons learnt from the previous program and the potential for mutually beneficial collaboration. As previously mentioned, the Program is an interesting model of an industry sector technical support strategy and various agencies would be interested in, and learn from, such a workshop.

Other potential supporting agencies include Australian Business Volunteers and the Australian Youth Ambassador program that may, for example, be the source of graduate designers seeking work experience in the TCF industry.

There should also be institutional strengthening of the TCF Council in terms of merchandising/marketing support, M&E, establishment and management of an industry data base, the operation of an industry hotline and coordination of broader technical and marketing assistance to the industry. This would involve on the job training and an allocation of funds to allow the Council to have a separate office and at least one full time staff member.

Monitoring and Evaluation

The M&E process for any further program should be clearly established from the outset and MEFs should be developed for each participating company. These would be very useful for overall M&E management and also provide the individual companies with an additional performance measurement tool.

Accordingly a second stage program should involve a planning period of 6-8 weeks to allow time for the preparation and refinement of a program impact model and impact logic outlines for each company that would link into the individual company MEFs. The appointed Team Leader should be involved in this process but a dedicated M&E specialist also needs to be appointed.

Technical and People Inputs

The key technical and people development inputs of a modified second stage program are likely to include:

- **Quality Assurance** – progress has been made but more is required. Assistance for most companies would involve further refinement of practices/procedures but this input also needs to involve in-situ technical inputs on the source of quality problems. Companies are increasingly involved in shorter production runs and large style ranges and this requires different and innovative approaches across the board.

Outcome: A set of integrated processes that are capable of repeatability and meet the requirements of a quality management system.

- **Materials Planning** – The education and training in the discipline of production planning and standardization of methods needs to be in place prior to the introduction of a basic computerised materials planning system. This technology will become increasingly important as the Fiji manufacturers move to more FOB production.

Outcome: Reduction in inventory levels and more reliable supply chain partnerships and visibility. Improvements in on-time, in-full delivery.

- **Workplace Organisation** – At the frontline supervisor level further assistance in education and training is required to establish efficient workplace planning and organization to lift both supervisory and operator performance and morale.

Outcome: This approach is likely to improve relationships in the workplace and reduce levels of absenteeism related to lack of planning, management style, degree of autonomy and lack of visual management.

- **Employee Engagement** - one of the shortcomings of the current Program was the exclusion of floor worker involvement but this was not included in the design. A new program should address this issue and develop programs to empower, include and train workers in production and QA enhancements. This shortcoming can be addressed by using a quality-at-source technique on critical-to-quality work stations.

Outcome: The technique engages and trains operators in how to monitor and control their own work station to ensure consistent quality outputs. Like other aspects of a management system it also has a positive impact on morale and quality of work life.

- Manufacturing Engineering – this holistic discipline not only includes setting time and quality standards but also the application of good manufacturing practices that reduce waste, improve material flow and reduce costs.

Outcome: A value stream map should be used to identify wastes upstream and downstream in the supply chain. This will engage a broad section of the organization and identify priority areas for waste elimination.

- Export marketing support - that is tailored to the individual companies' current and potential supply capabilities. This would involve provision of manageable numbers of qualified/verified customer leads and a staged level of back up support (i.e. reducing support as the individual companies gain more experience, confidence and new customers), coupled with benchmarks to determine if ongoing support will be provided. The \$F300,000 allocated by the Fiji Interim Government should be integrated into this program and not allocated to broad and ill defined promotional events such as trade displays. The PITIC offices in Sydney and Auckland should be included in the marketing program in terms of logistical support and financial contributions from existing export facilitation budgets.

Outcome: more focused and aggressive marketing and sales campaigns to exploit the MIIF initiative. Companies should receive regular updates on progress and the identification of potential new customers and further development plans of existing client bases.

- Clustering – Consideration should also be given to collaboration initiatives amongst TCF members. The TCF Council is the ideal body to coordinate the companies involved.

Outcome: The Fiji Interim Government's fund allocation could be used, in part, to revitalize the industry and design initiatives that not only provide synergies but also deliver benefits.

Future Project Management

Considerable progress has been made during the last three years under the steerage of Peter Bennett, as Team Leader. Peter has been persistent in his efforts to improve the industry and has been able to develop good working relationships and gain the trust of the TCF senior executives. Through this trust and ethical behavior he has had access to commercial -in - confidence information, particularly margin data and profit performance. This trust would be difficult to replicate in another person. The team recommends that any new program retains Peter as the coordinator and reference person for liaison between TCF companies and AusAID on commercial, confidential and other sensitive matters.

Appendix A

Lines of Enquiry

Company Name:.....

Respondent/s:.....

Date:.....

Over the past 3 years were you satisfied with the whole program assistance provided to your company in Training and Productivity Support? Was it of value ? What did you like/dislike about it?

Response:

.....

* * * * *

Key Qs applied to each GRM program design activity:

- a. What level of satisfaction would you rate xx activity..... out of 5?
- b. What could have been done differently in order to score 5?
- c. Can you give any specific examples of really positive outcome/results that could be sheeted home to xx activity.....?
- d. How important was this outcome to your business?
- e. Do you have any hard data on this outcome?

* * * * *

1 Operational Audit

(Purpose: to assess current state of operations against good manufacturing practice)

- a
- b
- c
- d
- e

2 Quality Assurance

(Purpose: to move the focus from end of line inspection to quality- at-source and a QA system)

- a
- b
- c
- d
- e

3 Social and Environmental Compliance

(Purpose: to visibly demonstrate concern in respect for people, gender and environmental issues)

- a
- b
- c
- d
- e

4 Supply Chain Management

(Purpose: provide an overview of the supply chain opportunities for improvement from supply to shipment)

- a
- b
- c
- d

5 Interpersonal and Supervisory Skills

(The PD describes rotation around member firms?? What happened – I think was basic supervisory skills training

(Purpose: to provide first-line supervisors with education and training in basic interpersonal and supervisory skills)

- a
- b
- c
- d
- e

6 Team Building Skills

(Purpose: to educate and train supervisors in team dynamics and importance of cooperative team work. Also, how to increase morale and understand causes of *absenteeism* and impact on performance)

- a
- b
- c
- d
- e

7 Leadership Skills

(Purpose: to raise awareness to weaknesses in "command and control" management style. To reinforce learning's from interpersonal and supervisory training and encourage behavior change to a more consultative leadership style for managers and supervisors, suitable for a changing workplace)

- a
- b
- c
- d
- e

8 Change Management Skills

(Purpose: raise awareness to importance of change management processes through introductory workshops)

- a
- b
- c
- d
- e

9 Planning and Organisational Skills

(Purpose: to train the more junior staff in the need for, and importance of, planning and impact on operational efficiency and effectiveness)

- a
- b
- c
- d
- e

10 Production Line Skills

(Purpose: Training in the areas of production planning and line balancing to achieve production line efficiency and sustain improvements in performance)

- a
- b
- c
- d
- e

11 Coaching/Mentoring Skills

(Purpose: Coaching - to introduce supervisors/managers to theory and principles of coaching and train participants in application of practice. Mentoring – to boost managerial confidence through on-the-job mentoring in skills set)

- a
- b
- c
- d
- e

12 Market Research

(Purpose: to generate a body of information to increase information level of manufacturers enabling market development strategies and promotional efforts. Research will involve targeted retailers, wholesalers, buying agents, textile mfrs, garment mfrs and designers in Pacific region and US)

- a
- b
- c
- d
- e

13 Market Development Initiatives

(Purpose: to establish a Marketing Services Entity(MSE) through a seasoned sales and marketing professional to generate leads for manufacturers to respond. This would be a supplementary activity to individual firms marketing resources)

a
b
c
d
e

f From the past 3 years experience with program what are the lessons that could be used in a further phase of support?

g What should be the focus area for the future sustainability of Fiji TCF industry?

h One more thing: Would you be prepared to pay for training assistance in a new phase following a needs analysis?

Appendix B

Data Collection Methodology

Arrangements were made to meet with 11 participating companies by emailing from Australia. Following briefings from AusAID in Suva, discussions were held with 10 participating firms, located in the east and west of Viti Levu, commencing on Oct 20. Each scheduled meeting was held at the factory premises with the senior site manager/owner Appendix C provides the person interviewed, their position and the company name.

The face-to-face meetings became the main source of primary information for the ICR recommendations. During the desk study phase in Australia the team decided to design a standard template of 13 questions that could be used at each company to ensure consistency of questions across the industry participants. Each question was aligned with the key goals and objectives in the 2006 Program Design Document, compiled by the Australian Managing Contractor (AMC). The questions were structured to follow a general line of enquiry into the usefulness and impact of the Program on their business and the TCF industry as a whole. A further three questions were positioned at the end of the lines of enquiry to obtain input on lessons learnt from the 2007-2009 Program; what the focus of any future support should be and to gauge the commitment of companies to allocate their own resources to such a program. The specific questions were:

- From the past 3 years experience with program what are the lessons that could be used in a further phase of support?
- What should be the focus area for the future sustainability of Fiji TCF industry?
- Would you be prepared to pay for training assistance in a new phase following a needs analysis?

Each interview took 1 – 2 hrs. The respondents were asked to recall the training and support activities and then to assess their satisfaction with the usefulness, influence on peoples' behaviour and the tangible impact on their business. Respondents were also asked to rank the effectiveness of each Program activity on a score of 1 – 5, with 1 being poor and 5 excellent.

The 11 company responses are shown in Table 1. After interviewing a few companies we found that some planned training had not occurred as separate training components and had either been combined with other modules or not delivered. In these cases they were rated as combined components.

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Appendix C : Participating companies interviewed

Person/Position/Company	Location
V (Raj) Wanarajan, Managing Director, Intimate Apparel Limited	Vatuwaqa
Kaushik Kumar, Managing Director, United Apparel (Fiji) Ltd	Nasinu
Vijay Singh, Operations Manager, Classic Apparel (Manufacturing) Ltd	Suva
Raman Dahia, Director, Dahia Shoes	Sambula
Mike Towler, Managing Director, Performance Floatation Developments	Nabua
Kalpesh Solanki, Managing Director, Ranjit Garments (Mfg) Limited	Vatuwaqa
Kamlesh Naidu, General Manager, Jacks Garments Ltd	Nadi
Nilesh Jamnadas, General Manager, Danam (Fiji) Limited	Tavakuba
Helmut Schmid, General Manager, Mark One Apparel Ltd	Valelevu
Colin Philp, Managing Director, Asian Pacific Management Ltd	Suva
John Barton, General Manager, Lyndhurst Limited	Valelevu

Appendix D: TCF Council Letter

TCF Council of Fiji

30 October 2009

James Sweeting,
Counselor,
Development Cooperation Section
Australian High Commission
Suva, FIJI.

REQUEST FOR ADDITIONAL SUPPORT TO FIJI'S TCF INDUSTRY

Dear James,

Firstly, thank you for giving us the opportunity to participate in the debriefing session today.

I would like to also take this opportunity to put forward our request to AUSAid for further assistance for Fiji's TCF industry. The request has two components. First, more urgent, component relates to re-organization of TCF Council of Fiji, while the second component relates to more focused training and productivity support. Outline of each component is as follows:

A. TCF Council of Fiji Reorganization

It has become apparent over the past 12 months that the TCF Council needs to be re-organized and re-structured as the Council will play a very key role in sustaining the initiatives derived from the three year training & productivity support program.

The principle aim is to ensure that the Council is able to facilitate long-term competitiveness and growth of the industry by providing benefits to its members, raise quality standards, attract new buyers, and also new investors into Fiji.

It will not be feasible for the Council to function and sustain the roles given its current structure and set up. The Council should fulfill a more comprehensive role and main aspects are:

- Industry lobbying
- Membership growth & management
- Marketing & promotion
- Facilitating accreditation to raise quality & social-accountability standards

Hence, I propose that AUSAid funds a program that will:

- Conduct survey of industry needs and research on membership
- Conduct SWOT analysis of the Council in its current state
- Develop Business/Strategic plan for the Council with recommendations
- Develop and implement new business processes in line with new Business/Strategic Plan
- Develop and implement sustainable model for Council administration
- Develop and implement policies relating to protection of Intellectual Property belonging to the Council
- Develop robust & efficient channels for data collection and dissemination
- Any other areas deemed relevant

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TCF Council of Fiji

The re-organization of the TCF Council is considered to be high priority as it will be main facilitator for the long-term sustainability of the industry.

B. Additional Training & Productivity Support

The aspects of this component are based on discussion paper submitted earlier this year in April. I am outlining these points below:

1. Industrial Engineering (IE)
 - continuation of the IE support at regular intervals so that recommendations can be overseen through to implementation.
 - Financial support for procurement of plant, machinery & information technology that will increase productivity as recommended by IE support.
2. Quality Assurance (QA)
 - Continuation of support & training program at regular intervals so that recommendations can be overseen through to implementation.
 - Assistance towards compliance certification for quality assurance, social and environmental aspects for each factory.
 - Establish performance & monitoring system on quality improvements at company & industry levels.
3. Leadership & Supervisory Development
 - Continuation of leadership & supervisory development training.
 - Follow up visits to monitor progress.
4. Value Stream Mapping
 - Study of individual companies to identify non-value adding business processes in order to reduce time/costs.
 - Follow up visits to monitor progress.

This program can be conducted concurrently with the TCF Council program.

Trust above is of help and I look forward to hearing from you.

Yours Sincerely,



Kalpesh Solanki
President

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APPENDIX E:

Fiji TCF TPSP Independent Completion Report –Terms of Reference

1) Background

In 2004/05 the Governments of Australia and Fiji agreed to a Structural Adjustment Package (SAP) for the Fiji Textiles, Clothing and Footwear (TCF) industry. This complemented an extension by Australia to the South Pacific Trade and Economic Agreement–Textiles, Clothing and Footwear (SPARTECA-TCF) Scheme, to assist the industry adjust to a more open global trading environment. The package included a training and productivity improvement component to improve operational efficiency, productivity, quality, marketing expertise, and niche market development.

In 2008, the Fiji TCF industry generated approximately \$ F95 million in exports and contributed approximately \$F22 million in wages to the economy. The industry currently employs over 4,250 people, 80% of whom are women from of lower socio-economic status. The industry faces a number of key challenges including the impact of the global recession and difficult trading conditions. The recession has impacted on the demand for garments manufactured in Fiji, as customers reassess their businesses, with fewer orders being placed, and new competition from larger textile manufacturers (eg. China) for short production runs (traditionally Fiji's niche market). Due to business slowdown, approximately 250 workers within the industry lost their jobs in the first few months of 2009. A number of factories are operating on reduced working hours. The full impact of the recent devaluation of the Fiji dollar on the costs of inputs (mainly sourced in US dollars) is yet to be seen. The TCF Council has indicated concern that the devaluation may mean that garments produced in Fiji may have difficulty in meeting the Local Area Content required to export duty free under SPARTECA.

The Fiji Textiles' Clothing and Footwear - Training Productivity Support Program (referred to as the "Program" herein) was developed to provide targeted technical and human resource assistance to enhance the sustainability and international competitiveness of the industry.

With a budget of approximately \$A2.4 million, the three-year Program commenced in January 2007. A total of 18 firms registered to participate in the Program. During the course of 2008 the number of participating firms declined to 12 because they were unable to, or chose not to, comply with Program benchmarks that were established as a requirement for participation in the Program. The 12 remaining firms collectively employ approximately 4,000 staff and generate around 80% of the industry's exports.

In June 2006, at the request of the Fiji Government, the Australian Government granted further trade concessions to the Fiji TCF industry under the SPARTECA – TCF provisions. This was conditional, amongst other things, on improvements in productivity of Fiji's TCF industry (to be measured through productivity targets over the period January 2007 to January 2008) and take-up of further productivity training under the Program. In January 2009, following the assessment of the conditions for further trade concessions, the Fiji TCF industry was granted a reduction on the Minimum Local Area Content from 35% to 25% for garments eligible for export under SPARTECA-TCF, effective from 23 February 2009.

The Program is scheduled for completion at the end of 2009. An Independent Completion Review (ICR) of the Program is required, in accordance with AusAID's quality assessment

processes. The review will also inform consideration, of a possible further phase of targeted Australian support to the industry.

2) Objectives of the Review

The objectives of the Independent Completion Report (ICR) are to:

- i) assess the Program's progress in achieving its goal, purpose and component objectives as outlined in the Program Design Document and the Monitoring and Evaluation Report; and
- ii) assess the value of, and identify options for, possible further assistance to Fiji's TCF industry, building on the Program's achievements to date, for consideration by the Australian Government and relevant stakeholders.

3) Scope of the Review

To achieve the objectives of the ICR, the Review Team will:

- i) assess the Program against each of AusAID's evaluation criteria of relevance, efficiency, effectiveness, impact, quality of monitoring and evaluation, sustainability, gender equality, disability and analysis and learning, *using the questions provided at Appendix E Annex as a guide only*. These questions can be adapted or expanded as appropriate;
- ii) draw out lessons from the assessment of each of the evaluation criteria that may be relevant for consideration of possible further targeted assistance to the Fiji TCF industry; and
- iii) Consider external impacts on the industry beyond the control of the Program.

4) Methodology

The Review Team will:

- i) conduct a desk and field review of the Program and its effectiveness in achieving the objectives as outlined in the Program Design Document, Annual Workplans and M&E Framework;
- ii) attend a briefing session with relevant staff of the Australian High Commission in Suva (or via a telephone link-up);
- iii) attend a Program briefing session with the Australian Managing Contractor (AMC), GRM International Ltd - Karyn Docking (Director, Program Development), Rachael Parker (Program Manager) and Peter Bennett (Program Team Leader) either in Fiji, Melbourne or via a telephone link-up;
- iv) consult in person, or by phone, with the participating firms;
- v) meet with relevant Fiji Ministries (eg Foreign Affairs, Commerce), the TCF Council and other key stakeholders as necessary;
- vi) present an Aide Memoire which includes the review's findings, lessons and recommendations to relevant staff of the Australian High Commission (Suva) Fiji Interim Government officials and the TCF Council, prior to leaving Fiji; and
- vii) document findings, lessons and recommendations in a succinct review report.
- viii)

5) Outputs

The ICR consultant(s) will provide the following outputs (all documents to be supplied in MS Word and hard copies):

- i) **Draft Independent Completion Report** of no more than 25 pages (excluding annexes), in the format of the template at Annex 2, outlining findings and recommendations on Fiji TCF-TPSP performance to be submitted to AusAID for comments by **6 November 2009**
- ii) **Final Independent Completion Report** within 10 working days of receipt of written comments on the draft **Report** from TCF stakeholders. The final Report will be published at AusAID's discretion by **11 December 2009**.

AusAID undertakes to provide comments and feedback within 15 working days of receipt of requested draft documents. Commentary and analysis shall be the independent professional opinion of the consultant(s). The consultant(s) shall not respond to representations from the AMC related to the work of the review consultant(s) without first seeking authority from AusAID.

6) Review Team

The Review Team will include:

- (a) *Mr Martin White, team leader* – White has a manufacturing background and is a qualified engineer. He is a certified management consultant and has carried out consulting assignments in over 150 workplaces in Australia, USA and Fiji. Core expertise areas include strategic management and gap analysis, strategic/operational change implementation, lean supply chain and business process improvement. White will coordinate the collation of information and the presentation of the ICR report.
- (b) *John Hardin, team member* – Hardin specialises in matters related to the development of the private sector, including related program/project reviews. He has had considerable experience in assisting larger companies in Australia, China, the USA and Japan. John's particular expertise is based on his successful track record working with a wide range of companies in the Pacific Islands. Hardin will assist the team leader and feed into the collated report.

7) Timing

It is expected that the Review will be conducted in the October-December 2009 timeframe and provide the following inputs.

- Desk Study/consultation in Australia 4 days
- Consultations & site visits in Fiji 13 days (*includes 2 travel days*)
- Preparation of draft ICR in Australia 5 days
- Finalisation of ICR in Australia 2 days

(estimated inputs 24 days)

8) Relevant Documents

The ICR consultants are expected to be familiar with the documents listed below.

- i) Program Design document
- ii) Fiji TCF TPSP documents – GRM International Ltd-TCF firm Agreement; Annual Workplans; Productivity Performance Measurement reports; Monitoring & Evaluation reports; 6 Monthly Progress reports
- iii) Fiji TCF Council “Vision for Tomorrow’s TCF Industry of Fiji” paper
- iv) 2009 TCF Industry Seminar communique
- v) TCF Council of Fiji – Industry Discussion paper (7 April 2009)
- vi) Other relevant documents including correspondence.

Annex 1: Evaluation Questions (as a Guide only)

Relevance

- Has the Program contributed to the Australian Government's broader aid objectives in Fiji?;

Effectiveness

- Is the Program on track to achieving its purpose and component objectives as outlined in the Design Document and the Monitoring and Evaluation Reports?
- To what extent has the Program contributed to its goal as set out in the Design Document and the Monitoring and Evaluation Reports
- Have the services provided by the Program helped to strengthen the Fiji TCF industry?

Efficiency

- Has the Australian Managing Contractor (AMC) made effective use of time and resources allocated to the Program to achieve the purpose and component objectives?
- Has there been a sufficient level of funding provided for the Program given its purpose and component objectives?
- Are funds being spent appropriately and in a timely manner?
- Is the AMC fulfilling its roles and responsibilities as outlined in the Design Document Section 4.4, *Program Management*? Are the roles and responsibilities appropriate? If not, what adjustments should be made? Is a risk management approach being applied to management of the activity (including anti-corruption)?
- Has AusAID effectively managed the Program? If not, what should be done differently, for future consideration?

Impact

- Has the Program produced intended or unintended changes that affect the Fiji TCF industry?
- Has the Program addressed the cross-cutting issues (eg. Gender, disability etc)
- Have there been positive or negative impacts on the Program from external factors?

Sustainability

- Do the beneficiaries and/or partner country stakeholders have sufficient ownership, capacity and resources to maintain the activity outcomes should Australian Government funding cease?
- Are appropriate actions being taken and structures being put in place to increase the likelihood the Program will be sustainable? Are there any areas of the Program that are clearly not sustainable?

Monitoring and Evaluation (M&E)

- Is the M&E system collecting the right information to allow judgement to be made about meeting objectives and sustainability?
- Does evidence exist to show the goal, purpose and component have been achieved?
- Is data gender-disaggregated to measure the outcomes of the activity on men, women?

Gender Equality and Disability

- Was the Program designed to provide equal participation and benefits for women and men with regard to the Program activities?
- Has the Program promoted equal participation and benefits for women and men? Has the Program promoted more equal access by women to the benefits of the program, and more broadly to resources, services and skills?
- To what extent has the program promoted, where appropriate, issues that impact on employees with a disability, such as access to the workplace? Are there ways to incorporate AusAID's focus on people with a disability into possible future program activities?

Analysis and Learning

- How well was the design based on previous learning and analysis?
- What options exist for possible longer-term assistance, building on the current Program?

Lessons

- What lessons from the Program can be applied to the design of longer-term assistance to the Fiji TCF industry?

Future Activities

- Based on a review of the current program, are there any specific activities or areas that possible future support should focus on?

APPENDIX F: ICR – Documents Referenced

1. Fiji TCF TPSP Program Design Document, AusAID Contract 38081, MDI, (approx Oct 2006)
2. Fiji TCF TPSP Variation for Contract 3980, GRM, March 2008
3. Fiji TCF TPSP Variation for Contract 3980, GRM, May 2009
4. Fiji TCF TPSP 2007 Monitoring and Evaluation Plan, May 2007
5. Fiji TCF TPSP 2007 Monitoring and Evaluation Report, Jan 2008
6. Fiji TCF TPSP Full Audit Report, Danam (Fiji) Ltd, Compliance Assured, 2nd March, 2007
7. Fiji TCF TPSP Full Audit Report (Social Compliance and Environmental), Danam (Fiji) Ltd, Compliance Assured, March, 2007
8. Ranjit Garments (Mfg) Ltd, Nine Company Values, 22nd Sept, 2007
9. Fiji TCF TPSP Annual Work Plan, March 2007– Feb 2008
10. Fiji TCF TPSP Annual Work Plan, Jan – Dec 2008
11. Fiji TCF TPSP 2008 - 09 Monitoring and Evaluation Reporting Framework, July 2008
12. Fiji TCF TPSP Monitoring and Evaluation Report 2008, Dec 2008
13. Fiji TCF TPSP Annual Work Plan, Jan – Dec 2009
14. Fiji TCF TPSP Performance Measurement Report – 2008, Feb 2009
15. Tomorrow's TCF Industry in Fiji – 2009 TCF Industry Seminar, Presentation and Notes, TCF Council, Warwick Hotel, Korolevu, 21st Feb 2009
16. Fiji TCF TPSP M&E Reporting Framework 2009
17. Fiji TCF TPSP 2008 First Quarter Progress and Productivity Report, Jan – March 2008

18. Fiji TCF TPSP 2009 Mid Year Progress and Productivity Report, Final, Jan – Jun 2009
19. Fiji TCF TPSP, *Make It In Fiji* Launch Notes and Company Profiles, Suva, 20th Oct 2009
20. Fiji TCF TPSP Milestone 2: Productivity Improvement Measurement Framework
21. Fiji TCF TPSP Milestone 3: Productivity Improvement Measurement Framework, Jun 2007
22. Fiji TCF TPSP Milestone 4: Productivity Improvement Measurement Framework, Sept 2007
23. Fiji TCF TPSP Milestone 6: Productivity Improvement Measurement Framework, Dec 2007
24. Fiji TCF TPSP Milestone 6A: Productivity Improvement Measurement Supplementary Report
25. Fiji TCF TPSP Milestone 8: First Quarter Progress and Productivity Report, April 2008
26. Fiji TCF TPSP Milestone 9: 2008 Mid- Year Report, June 2008
27. Fiji TCF TPSP Milestone 11: 2008 End of Year Report
28. Fiji TCF TPSP Milestone 12 and 13: 2009 Mid-Year Report, Jun 2009
29. Fiji TCF TPSP Completion Report (CR) Draft, GRM, Oct 2009