

The Norwegian Confederation of Trade Unions (LO)

**REVIEW OF THE IUF PROGRAMME
ON TRADE UNION RIGHTS WITHIN
THE COCA COLA COMPANY**

FINAL REPORT

BY

JENS CLAUSSEN AND NORA INGDAL

01 APRIL 2009

LIST OF ABBREVIATIONS

CHF	Swiss Franc
FES	Friedrich Ebert Stiftung of Germany
FNV	Federatie Nederlandse Vakbeweging/Federation Dutch Labour Movement
HUG	Heineken and Unilever
IUF	The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
LO-Norway	Norwegian Confederation of Trade Unions
LO-TCO	Joint secretariat for International Trade Union Development by the Swedish Trade Union Confederation (LO) and the Swedish Confederation of Professional Employees (TCO)
MoU	Memorandum of Understanding
NCC	Global Trade Union Rights Project within the Coca Cola and Nestle
NOK	Norwegian Kroner
Norad	Norwegian Agency for Development Cooperation
NNN	The Norwegian Food and Allied Workers Union
TNC	Transnational corporations
SSO	Solidarity Support Organizations
TOR	Terms of Reference
USD	United States Dollar

TABLE OF CONTENTS

1	Summary with recommendations	4
1.1	Introduction	4
1.2	Main findings	4
1.3	Recommendations	7
2	Scope of review	9
3	Background	10
3.1	IUF.....	10
3.2	Assistance to Coca Cola and Nestle union members	11
4	Overview of project.....	14
4.1	Project design	14
4.1.1	When did the project actually start?	14
4.1.2	Project objectives	14
4.1.3	Project outputs and indicators of achievements	17
4.1.4	Project implementation	19
4.1.5	Project financing.....	20
5	Project assessment.....	23
5.1	Relevance	23
5.2	Efficiency.....	24
5.3	Results and likely impact	26
5.4	Sustainability.....	28
5.5	Modality of cooperation	29
	Annex I – Terms of reference	32

1 SUMMARY WITH RECOMMENDATIONS

1.1 Introduction

This report presents the outcome of a review of support from the Norwegian Confederation of Trade Unions (LO-Norway) to the “Global Trade Union Rights Project within the Coca Cola and Nestle” (NCC project) implemented by The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF). The project commenced in 2003 and the main focus of the review has been on progress and achievements during the period 2006 – 2008.

The objective of the review has been;

- To assess the results of the support provided to the NCC project by LO to strengthen the trade union rights within the Coca Cola Company.
- To assess the modality of cooperation between IUF and provide recommendations on areas for improvement, in particular related to monitoring and reporting on performance by IUF.

The findings of this review are limited to an assessment of documentation presented by IUF and LO-Norway as well as consultations with LO-Norway and IUF in Geneva. There has been no consultations made with beneficiaries nor any review of other project external sources of information.

While the terms of reference for the review suggest that there is a project specifically targeting Coca Cola, this is not the case. Funding from LO-Norway has covered activities for the total project, i.e. both Nestle and Coca Cola. Accordingly, this review has covered the total project, not just activities related to Coca Cola.

1.2 Main findings

One of the stated results (targets) of the project is to establish a regular global forum for dialogue between IUF-affiliated Coca-Cola and Nestlé unions and the Nestlé/Coca-Cola companies; and subsequently formal global trade union rights agreements with them.

In the case of Coca Cola, semi-annual meetings with the Coca Cola company has been established as a regular consultative process which in turn led to the signing of a “joint statement” in 2005 recognising some basic principles by the Coca Cola company related to workers rights and recognition of trade unions. While a formal agreement has yet to be achieved, an IUF negotiation team has been established to move the process further.

The establishment of a consultative process and signing of a joint statement are major achievements and can partly be attributed to project activities by its support and facilitation of consultations at national and regional levels for the global process. There are also evidence to suggest that progress at the global level has influenced the Unions and their bargaining powers at the national and union levels since they can use the global consultation process and the joint statement as a reference.

Another major achievement which can partly be attributed to the project is the establishment of a Global Alliance of Coca Cola Unions which was formed in 2008. This alliance is according to its statutes first and foremost established for information exchange and coordination of efforts at different levels but also to implement solidarity work on behalf of its members.

IUF has facilitated Global Nestle Trade Union meetings and, as a result, attempts have been made to establish a similar process as with Coca Cola, among others by suggesting to Nestle the signing of a joint statement with similar content as a first step in a move towards a joint formal agreement. However, this was and still is rejected by Nestle.

There are several other notable results at union, national and regional levels reported on related to strengthening of unions, national and regional federations and networks which can be attributed to the project. The role of the project has in most cases been support through training, issuing of guidelines and information, and counselling in development of organisations and in cases of conflict. Some illustrations of these results are presented in the report, but due to weakness in project monitoring and reporting no systematic and comprehensive overview of these results can be made. For many of the results presented in project progress reports it is not evident to what extent they can be directly attributed to the project.

The NCC project has evolved through several years and initially started out with focus on mobilising and supporting Coca Cola trade unions globally. In order to achieve this, NCC activities has been targeting affiliated unions in the form of counselling and training supported by development of guidelines and manuals on specific themes of relevance to transnational corporations (TNC) company unions. It has included research and documentation efforts related to observations of workers rights within the company. All these activities have, through the formation of national and regional federations and a global alliance, positioned the unions in their bargaining power vis a vis the companies.

Since 2005 the project was expanded to include Nestle. Both Coca-Cola and Nestlé are large scale TNCs with presence in virtually every country throughout the world. They operate through a broad network of national subsidiaries and other business partners, while their observation and compliance with trade union rates varies significantly from one country to another. Often the company headquarters have referred trade union issues to country laws and affiliates/partners thus not fully recognising its responsibilities as owners of a trade mark which is their main asset. The project is based on the recognition that this is also a regional and global issue that needs to be addressed, not only a national and individual union issue.

The project combines activities to strengthen company and national unions through a network of regional coordinators while at the same time promoting a process for consultations with company headquarters representing the unions globally. This is reflected by one of the key project objectives; to reach formal agreements with the companies. As such the project responds to the specific challenges of addressing trade union rights in transnational corporations.

Project efficiency is a question of efficiency of the system of regional coordinators in delivering results. To compare tangible results with the total resource effort or unit costs of services delivered has not been possible due to lack of consolidated information that can be reconciled. On the other hand, as concerns efficiency in relation to the chosen strategy for

implementation the system of deploying regional coordinators as opposed to using regional offices and/or IUF headquarters staff is most likely the best option also for the years to come. Work at national and regional levels to eventually also influence the TNCs at the global level suggest that using contracted regional coordinators by the IUF directly is a better approach at this stage which gives better opportunities for achieving the final global results more efficiently, than centralised implementation by IUF or devolution of project responsibilities to IUF branch offices and/or national/regional federations of unions.

Another dimension related to efficiency is what areas (countries and unions) are targeted by the project. There are several criteria that could be applied. Targeting areas with small TNC affiliates and companies and relative weak unions would most likely mean relatively high volume of effort compared to results in influencing TNCs globally while areas with a high potential in terms of unionism and conflict would most likely gain much more impact at the global level. Judging from the distribution of resources and efforts it appears that the project has chosen the last option although it is a scope to focus the resources even more in line with these criteria.

Project activities will most likely not be sustained without continued external funding from LO-Norway or another external funding partner. Even though the funding of the main system for implementation of project activities, the regional coordinators, is funded by others (except for one regional coordinator) the remaining operational budget is depending fully on LO-Norway's contribution. While the IUF secretariat and regional IUF offices are funded by membership contributions, targeted interventions through projects are externally funded and discontinuation of this form of funding would leave IUF with limited abilities to promote global, regional and national unions and federations and promote their dialogue with TNCs.

Project funding and other external contributions constitutes 56% of the total IUF budget while the remaining is from regular operational income with "affiliation fees" (membership fees) as the main source of income¹. The latter is not alone sufficient to fund IUF's current operational expenditure. If the project was to be fully funded by IUF it would require an increased membership base and further strengthening of union members which would also increase the revenue base for IUF which is not realistic in the short term. The other alternative would be to substitute LO-Norway funding with another "donor" or significantly scale down project activities to a level which would most likely not enable regional coordinators to perform their functions.

The modality of cooperation between IUF and LO-Norway is first and foremost described by IUF serving as the project executing organisation with LO-Norway serving as a financial partner, however, more recently The Norwegian Food and Allied Workers Union (NNN) became actively engaged in the "negotiation team" promoting a formal agreement with Coca Cola.

There is no legal framework guiding the support from LO-Norway to the project (no project agreement between LO-Norway and IUF). The annual contributions have been determined based on project applications from IUF with a budget annexed to the application.

¹ Based on IUF budget figures 2008.

The project design suffers from significant weaknesses with an incomplete and partly inconsistent log frame and few measurable targets defined for which progress can be assessed. There are numerous indicators presented in the project applications but many of them do not serve as indicators of progress in outputs and outcomes that can be directly attributed to project activities. Data and information to compile these indicators are in any case not systematically collected and presented.

While annual work plans have been produced since 2008, progress is not reported upon against these plans. In addition, many of the items presented as progress in the progress reports are on general developments of unions and events in the region without any clear attribution to project activities. Accordingly it makes it difficult to assess actual progress of the project.

The financial reporting is based on detailed level of accounting using a separate accounting system, not the regular financial management system of IUF. There are no consolidated project accounts only separate accounts by source of funding. The project accounting system uses spreadsheets for accounting, not a standard accounting package, which makes the process of accounting for all 32 projects very demanding with limited opportunity to also report on cost by activity, a requirement to enable adequate project monitoring. While work plans provide a budget by activity this is not meaningful as long as allocations are not made by activity and cannot be monitored by an activity based presentation of expenditure.

There is no person assigned with the overall operational management responsibility of the project which oversees the total project, its allocations and use of resources compared to progress. Instead it's divided by several "political officers" and the regional coordinators with different areas of responsibility.

IUF is currently implementing 32 projects with support from 9 funding partners. Despite the high number of projects there is no standardized project management system within IUF. All of the funding partners require different format for planning, monitoring and reporting which further contributes to high transaction cost for IUF compared to level of funding provided.

1.3 Recommendations

The main recommendation that follows from this review is that the project, despite shortcomings in design and management arrangements, should continue with extended support also from LO-Norway in the medium to long term. However, the support should be based on an agreed process with IUF to address the shortcomings which concerns first and foremost issues related to project design, planning, project management, monitoring and reporting. They can be summarized into the following;

- IUF should appoint one project manager with the overall responsibility for planning, implementation and monitoring of the project.
- The above should be followed by a process to revise the project proposal into a consistent project document with specification of measurable and achievable targets and an implementation plan for the entire project duration to be revised annually.
- If resources could be made available, the above should be preceded by a consultative process/survey of stakeholders to ensure that the project fully reflects the needs of the

target group (unions).

- A system and procedure for project monitoring and periodic reviews should be implemented that requires all reporting to be consistent with annual plans and report on planned targets.
- The above needs to be supported by investing in a financial management system, or preferably using the regular financial management system of IUF, to present budget and accounts both by economic categories and activity and enable consolidation of sources of funding in reporting on projects.
- As a first step to reduce transaction cost for IUF in entertaining individual demands from funding partners, the three donors to the NCC project should consider pooling their funding for the project and allowed IUF to plan, budget and report on the project in one consolidated process.
- As a next step, IUF and the partners should consider merging the NCC project with another project (Heineken and Uniliver) since they are almost identical in design, use the same system for delivering activities (same regional coordinators) and have the same funding partners. This would also greatly assist efforts required by IUF to introduce one internal system for planning, management, monitoring and reporting.

There are several conventional and simplified tools for project planning and monitoring available which could easily be adapted to the requirements of IUF. By applying such tools and with improvements in project management arrangements as mentioned above, it will also improve overall efficiency and effectiveness of the project.

2 SCOPE OF REVIEW

As per terms of reference (annex I) the objective of the evaluation has been;

- To assess the results of the support provided to IUF by LO to strengthen the trade union rights within the Coca Cola Company.
- To assess the modality of cooperation between IUF and provide recommendations on areas for improvement, in particular related to monitoring and reporting on performance by IUF.

The review has included several tasks, among others the following;

- Relevance of project and project activities i.e. to what extent the project has targeted the needs of the organisations and their affiliates and to what extent it has responded to changing needs and external factors during its implementation.
- An assessment of results produced or what results are likely to be produced by the end of the project in 2009.
- The efficiency in project execution i.e. the extent to which results have been reasonable compared to the inputs used.
- An assessment of sustainability, in particular as concerns ability to continue project activities when LO-Norway support ends.
- An assessment of project impact, among others, to what extent IUF and the beneficiary partners been able to improve their performance towards the governments, employers and the general public of their countries as a result of the project.

Of the above tasks an agreement was reached with LO-Norway that assessment of impact would not be realistic within the timeframe and resources allocated to the review since it would have demanded collection of data and information directly from beneficiaries. Due to the above, the review was to be limited to review of documentation presented by IUF and LO-Norway as well as consultations with LO-Norway and IUF in Geneva.

During the review of the documentation it became evident that many of the other tasks would also become very challenging. This is related to design of the project, and the systems and procedures for planning, monitoring and reporting as well as the fact that it is supported by multiple donors with project information not consolidated. Accordingly, a substantial amount of time has been spent on reconciling information into one overall presentation (progress matrix) used as a tool for overall project assessment. This effort still did not give a full overview of project activities and results since the documentation on progress did not fully distinguish between developments in general (like developments within unions and federations) and developments attributable to the project.

The review has been implemented by Jens Claussen with the support of Nora Ingdal for quality assurance, both partners with Nordic Consulting Group.

3 BACKGROUND

3.1 IUF

The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international federation of trade unions established as far back as in 1920 and represents workers employed in agriculture including tobacco industries, food and beverages industries, and hotels, restaurants and catering services. Today IUF is composed of 348 trade unions in 127 countries with an estimated total membership of over 12 million workers.

The main purpose of the organization is to promote solidarity work among others through support in the formation and strengthening of unions both at the workplace and promoting cooperation and coordination between unions at national, regional and global levels. Part of this work includes assisting affiliates in work-related conflicts with employers and governments, coordinating and implementing solidarity and support actions both for and among unions, conduct research to document and provide credible information related to working conditions and conduct trade union education programs to strengthen affiliated unions.

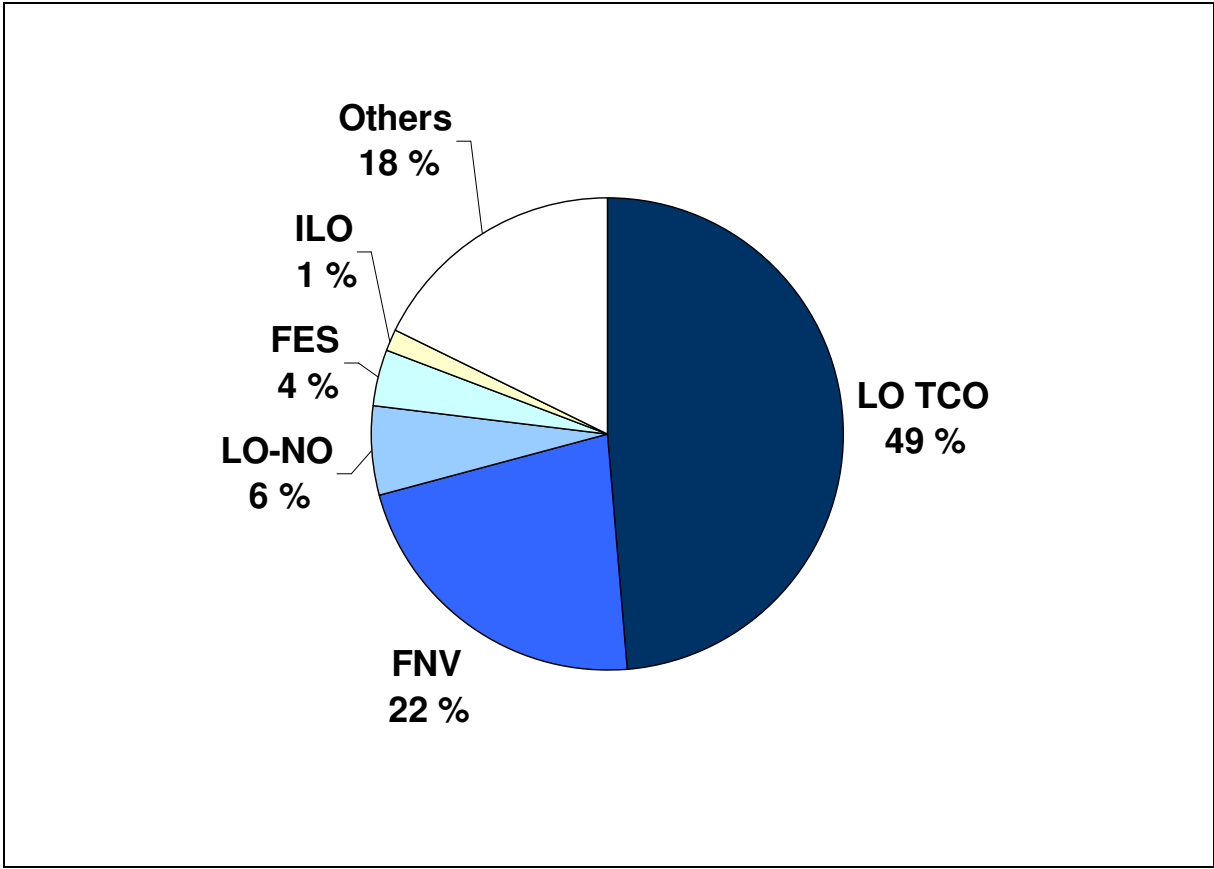
A specific area of focus has been related to transnational corporations (TNC) to promote recognition and union rights across countries. This work has included various interventions both at national and TNC headquarter levels to achieve negotiated rights and standards within TNCs at every level.

IUF is established with headquarter in Geneva, Switzerland with eight regional branches headed by elected representatives with offices in Africa (South-Africa), Asia/Pacific (Australia and Japan), the Caribbean (Barbados), Europe (Belgium), Latin America (Uruguay), Eastern Europe and Central Asia (Russia) and North America. The regional branches are autonomous, and pursue independent activities in close collaboration with the IUF and its governing bodies.

In promoting its mandate IUF has received financial and technical assistance for various projects from national trade unions and solidarity support organizations (SSOs) of which the Swedish LO-TCO Secretariat of International Trade Union Development Co-operation (LO-TCO)², FNV in Netherlands, the Norwegian Confederation of Trade Unions (LO-Norway) and Friedrich-Ebert-Stiftung of Germany (FES) have been and continues to be the main contributors in financial terms. In 2007, the last years for which consolidated accounts have been prepared, these four organizations provided assistance to the tune of 2.2 million CHF in 2007 (approximately 1.9 million USD) which in total constituted 81% of total project funds for the 32 projects under implementation by IUF.

² LO-TCO is a joint Secretariat for promotion of international Trade Union Development by the Swedish Trade Union Confederation (LO) and the Swedish Confederation of Professional Employees (TCO).

Figure 1 – IUF project portfolio by contribution from SSO.



The assistance from these projects is to a large extent coordinated and delivered through IUF regional coordinators paid from project funds. In total IUF has currently employed 15 regional and 6 sub-regional coordinators.³

3.2 Assistance to Coca Cola and Nestle union members

The project subject for this review supports IUF interventions related to two TNCs, the Coca Cola Company and Nestle;

- The Coca-Cola Company is the world's largest beverage company. As the largest manufacturer, distributor and marketer of non-alcoholic beverage concentrates and syrups in the world it is also one of the largest corporations in the United States where it is registered with its headquarters in Atlanta. The company was incorporated in 1892 and currently produces and distributes 400 brands in over 200 countries and of these 1.5 billion servings are sold each day. The main markets accounting for 80% of the sales of Coca Cola products are the United States, Mexico, Brazil, Japan and China. The Coca-Cola Company and its subsidiaries only produces syrup concentrate which is then sold to various bottlers throughout the world that hold a Coca-Cola franchise. Coca-Cola bottlers, that hold territorially exclusive contracts with the company,

³ Among the 15 regional coordinators some of them manage sub-regional/national coordinators to assist in implementation of various activities.

produce the finished product in cans and bottles from the concentrate in combination with filtered water and sweeteners. The bottlers then sell, distribute and merchandise the resulting Coca-Cola product to retail stores, vending machines, restaurants and food service distributors. Its estimated total operating revenue in 2007 was 28.8 billion USD with 90.500 persons employed.⁴

- Nestlé is a multinational packaged food company registered with headquarters in Vevey, Switzerland. Since its establishment in 1905 it has gradually expanded its product range to dried milk and instant coffee and taking control of several well known brands like Maggi, Thomy and Nescafe. In 2008, 27% of its total turnover originated from production and sales of drinks, 26% from dairy and food products, 18% from ready-prepared dishes and ready-cooked dishes, 12% from chocolate, 11% from pet products, 6% from pharmaceutical products and 2% from baby milks. Nestles operating income was 19.7 billion USD employing 276,000 workers worldwide.

Many employees in the *Coca-Cola* system are organized into unions, and the majority of these unions are affiliated to the IUF. In the first half of the 1980's, the IUF and its affiliates waged a protracted campaign to secure worker rights for the employees at the Coca-Cola franchised bottler in Guatemala City. Several union leaders had been murdered during the struggle to organize a union there. As a result of a global campaign led by the IUF, the Coca-Cola Company finally assumed responsibility for finding a franchise holder who would respect trade union rights. For more than a decade the Coca-Cola workers' union in Guatemala enjoyed a relatively stable and secure position at the bottler.

Following the end of the Guatemala campaign, the Coca-Cola Company and the IUF maintained an informal communication process that assisted in resolving problems between unions and management in several conflict situations. In October 2003 the Coca-Cola Company met for the first time with the IUF, including Coca Cola union representatives from five of the largest markets.

Coca-Cola's unique company structure and labour relations system has made the unions' task of representing Coca-Cola employees world wide much more difficult. The Coca Cola Company's overriding corporate strategy is to produce, promote and market the Coca-Cola brand world wide while minimising the number of workers directly employed by the Coca-Cola Company itself. The strategy has been the franchise and the "anchor bottlers" on which the Coca-Cola Company increasingly relies on to bottle and distribute its products.

IUF has attempted to develop a solid global network of Coca-Cola unions. Venues (?) for this have been periodic global conferences of beverage workers, the publication of an IUF Beverages Bulletin and the development of a section of the IUF members-only website for the Coca-Cola Company and for the beverage sector. In addition, the IUF's Trade Union Development Programme has supported the development of federations of Coca-Cola workers' unions.

⁴ Coca-Cola Company Reports; "Fourth Quarter and Full Year 2007 Results". Compared to world country GDP the Coca Cola Company operating revenue would rank them as number 77 among the world 194 countries.

One of the IUF objectives has been to strengthen the local and national organizations. A project with support of LO Norway on transnational companies, which ended in 2000, contributed, among others, to build national union structures among the many factory-based Coca-Cola unions in India and the Philippines. The successor project with support of LO-Norway in 2003-2004 on Global Trade Union Rights within Coca-Cola was designed to further strengthen these efforts and to recruit other trade union organisations to the IUF's network within the company. Union organisations with significant membership within Coca-Cola have joined this network and the IUF

In terms of *Nestlé*, a number of workers' unions are represented by IUF affiliates. Through activities in all regions, the IUF has begun to co-ordinate these unions into a global network of unions that exchanges information and develops strategies to more effectively serve the interests of Nestlé employees.

Nestlé unions from all regions met in Manila in December 1999 and declared their common goals and demanded trade union recognition for the IUF from Nestlé at the global level. Following this declaration, the IUF made a written proposal to Nestlé for a joint statement on the implementation of basic rights and the improvement of working conditions for Nestlé employees throughout the world, however as yet; this has been rejected by Nestlé.

A major structural imbalance exists in the rights and recognition of trade unions within Nestlé. While Nestlé respects strong unions, it opposes new union organisation. It does not consistently apply a human resources policy on trade union rights across countries and despite some progress in relation to Latin America, Central Europe and Asia/Pacific, only in the European Union does Nestlé extend full and direct recognition to the IUF and its affiliates as representative of its unionised employees.

Nestlé in other regions does not provide the same trade union rights that employees enjoy by law within the EU. Nestlé is found to respect local law, but seldom exceeds it. In most countries unions have difficulty in obtaining information from the company beyond the local level.

4 OVERVIEW OF PROJECT

4.1 Project design

4.1.1 When did the project actually start?

The project supported by LO Norway dates back many years from previous support to IUF in their work to promote and support unions of transnational corporations (TNC). This review covers the period from 2006 – 2008 although it is not entirely clear when the project actually started since it has been reformulated and expanded several times although maintaining many of the same project objectives (ref. presentation below).

However, the project subject for this review can be considered to have started already in 2003 with the submission of an application for support of a project called “Global Trade Union Rights Project within Coca Cola”.

The project focused initially only on the Coca Cola Company but in 2006 expanded to include unions of the Nestle company.

The period for this review (2006 – 2008) falls within the period of the current framework agreement for funding from the Norwegian Agency for Development Cooperation (Norad) and LO Norway, an agreement which includes support to the project labelled by LO Norway as “Trade Union Rights in the Coca Cola Company” for the period 2006 – 2009.

The project title in the LO-Norway application to Norad deviates from the actual project title by IUF since the project has since 2006 included support to the Nestle Company unions as indicated by the IUF project title; “Global Trade Union Rights Project within the Coca Cola and Nestle (NCC project).⁵

Each year since 2003 IUF has presented an application to LO-Norway with a title indicating it is for the year being applied for and some consecutive years⁶ while the budget presented with each application only covers the first fiscal year⁷.

4.1.2 Project objectives

As stated in the first application for the period 2003 and 2004, the project was to achieve the following objectives;

1. Help Unions negotiate better collective bargaining agreements with Coca Cola.

⁵ In 2005 the project was labelled “Global Trade Union Rights Project within the Coca-Cola System”.

⁶ The application forms received for this review which are actually the project documents has been for a project covering different years i.e. 2003 – 2004, 2005-2006, 2006-2008, 2007-2009 and 2008-2010.

⁷ Fiscal year is the same as the calendar year. The budgets are presented in CHF and USD, accounts in USD, CHF and Euro, while LO Norway’s contribution is in NoK.

2. Increase union membership in Coca Cola.
3. Bring independent local plant unions into federations and IUF.
4. Achieve Global trade union Rights agreement with Coca Cola.

The project was subsequently expanded in 2005 for the period 2005 - 2006 with 10 project objectives⁸;

1. Assist unions to become more capable and democratic instruments for their members.
2. Recruit and organize new members, especially youth and women workers.
3. Strengthen coordination of Coca-Cola workers unions at national, regional and global levels.
4. Promote equal opportunity and overcome discrimination in the workplace and within unions.
5. Stop casualization and subcontracting.
6. Promote occupational safety, health and the environment.
7. Develop critical understanding of corporate strategies, management techniques and new technologies.
8. Support unions in negotiating better collective bargaining agreements with Coca-Cola.
9. Bring independent local plant unions into federations and IUF.
10. Achieve global trade union rights agreements with Coca-Cola Company.

In the project application for 2006-2009 the same objectives as for the previous two years are retained however this time expanded to include unions and workers of *Nestle* as target groups:

1. Assist unions to become more capable and democratic instruments for their members
2. Recruit and organize new members, especially youth and women workers.
3. Strengthen coordination of Nestlè/Coca-Cola workers unions at national, regional and global levels.
4. Promote equal opportunity and overcome discrimination in the workplace and within unions.
5. Stop casualization and subcontracting.

⁸ Project application for 2005 – 2006

6. Promote occupational safety, health and the environment.
7. Develop critical understanding of corporate strategies, management techniques and new Technologies.
8. Support unions in negotiating better collective bargaining agreements with Nestlè/Coca-Cola.
9. Bring independent local plant unions into federations and IUF.
10. Achieve global trade union rights agreements with Nestlè/Coca-Cola.

The application for the project period 2007 – 2009 states many of the same objectives as in the application from the previous year and with the same expanded target groups, however with two of the previous objectives replaced and one new added, and all the objectives grouped under three strategic areas of intervention (the new objectives in *italics*);

- Build union strength by
 1. assisting unions to become more capable and democratic instruments for their members;
 2. assisting in recruiting and organizing new members, especially youth and women workers;
 3. bringing independent local plant unions into national unions and/or federations and IUF;
 4. promoting equal opportunity and overcome discrimination in the workplace and within unions;
- Increase bargaining power throughout the companies by
 5. supporting unions in negotiating better collective bargaining agreements;
 6. defending job security and fighting casualization and subcontracting;
 7. countering corporate strategies, management techniques and new technologies;
 8. *promoting occupational safety, health and the environment*
- Attain global union recognition agreements with these TNCs by
 9. strengthening coordination of unions at national, regional and global levels;
 10. *organising common actions, globally and regionally;*
 11. *mobilising local union involvement in global negotiations.*

These objectives were also retained for the 2008 – 2010 period.

As illustrated above, the project has partly been expanded and partly changed its scope

(objectives) from 2003 to 2007 and accordingly it may be questioned whether it is actually a project covering 7 years, or several projects of 2-3 years duration or several annual or bi-annual projects since the scope and content actually has changed several times during the last 6 years (2003 – 2008).

While the above are labelled “objectives”, most of them are in more conventional planning terms actually activities and there are no actual targets set for the project period. This makes it difficult to assess if the project has actually achieved stated objectives (ref. presentation in sections below on results and impact).

4.1.3 Project outputs and indicators of achievements

The project applications states some expected results and indicators to assess achievements at “local”, “national”, “regional” and “global levels”. In the application for 2006 the project “objectives” are presented as intended results while for the 2007 and 2008 applications more specific results are presented separately from the project objectives;

Expected results

- A regular global forum for dialogue between IUF-affiliated Coca-Cola and Nestlé unions and key components of the companies.
- Strengthening of regional and national networks of Coca-Cola and Nestlé unions and federations.
- Increased capacity of Coca-Cola and Nestlé unions at the local level to organise and to negotiate collective bargaining agreements.
- Establishment and recognition of new union organisations and federations within Coca-Cola and Nestlé.
- For 2007: A better understanding of company strategy and a better framework for trade union strategy thanks to the company mapping exercise being undertaken in 2006.
- For 2007: Establishment of IUF regional co-ordination committees, which would later form the basis of an international committee.
- For 2008; A better understanding of company strategy and a better framework for trade union strategy thanks to the company mapping exercise being undertaken in 2006.
- For 2008; Establishment of IUF regional co-ordination committees, which would later form the basis of an international committee.

The specific results listed for 2007 are repeated in 2008 which indicates that they were not achieved as planned. Following consultations with IUF these results has yet to be produced.

Several indicators have also been presented in the annual applications and gradually expanded with the indicators presented in 2007 and 2008 constituting the following;

Indicators

- At local level:
 - How many new members have been recruited and maintained?
 - What improvements have been won in collective negotiations, (or deteriorations avoided?)
 - How many new collective agreements were signed?
 - How many training seminars were held?
 - What training or campaign materials were published and used?
 - How many members/leaders underwent training?
 - How many women/youth underwent training?
 - What improvements have there been in representation of women workers and youth in union membership (change in %)?
 - What improvements have there been in representation of women workers and youth in union leadership positions?
 - Have union committees (Women, Youth, occupational safety and health) been formed and are they functional?
 - Have there been improvements in workplace health and safety (data on number of accidents or injuries)?
 - What was the assessment of people involved in the project?
- At national/federation level:
 - How many new plant-level Coca Cola and Nestlè unions have joined and participate in larger union structures?
 - How many new plants were unionized?
 - What % of workers in Coca-Cola and Nestlè are unionised?
 - Is there a functional regional/national structure for unions representing Coca-Cola and Nestlè employees?
- At IUF regional level:
 - What % of unions in Coca-Cola and Nestlè are IUF affiliates?
 - How many unions have joined the IUF as a result of activities around Coca-Cola and Nestlè?
 - What was the assessment of project participants?

- At global level:
 - Is there a functioning network on key issues e.g. equal opportunity, occupational safety, health and environment? "Functioning" will be defined by outcome, e.g. regular information exchange, campaigning, improvement of regional/local bargaining position.
 - What was assessment of meeting and network participants of the activities and the project as a whole?
 - Is there a signed formal agreement between the IUF and the Coca-Cola Company and Nestlè covering trade union rights and other items?
 - Is there an effective implementation structure, including the participation of affiliated unions in Coca-Cola and Nestlè?
 - If there is no agreement yet, which steps have been reached on the way?

To actually apply them as indicators of progress in achieving the objectives several of them requires systematic data collection, compilation and dissemination on a regular basis (with a baseline prior to start of the project and subsequently annually). This will further be discussed under presentation in sections below on project effectiveness, outcomes and impact.

4.1.4 Project implementation

After an internal IUF assessment of the Nestle/Coca-Cola project (NCC), the IUF approached the Dutch Labour Movement (FNV) to support a similar project on Heineken and Unilever (HUG). After the approval by FNV the IUF invited the old and new Regional Coordinators for both projects (NCC and HUG) for a one week seminar in May 2006 to Geneva in order to plan the future work for the NCC and HUG project. This discussion was based on a MoU which was agreed between the IUF and the three SSO (FES, FNV and LO-N) in order to restructure the work of the regional coordinators. The HUG and the NCC projects broadly share the same objectives.

IUF has, as mentioned previously, established a network of Regional Coordinators to facilitate implementation of which six (out of 15 in total) serve the implementation of the NCC project as well as the project targeting unions and workers of Heineken and Unilever (HUG project) and one regional coordinator is dedicated for the NCC project only.

These regional coordinators have produced regional annual work plans since 2007 and for 2009 these work plans has been consolidated into one overall work plan for the project. Their services can be summarised into counselling of unions, facilitation in the formation of new unions as well as national and regional federations of unions, assistance in negotiations, conducting research as input to negotiations and consultations both at national company level as well as for global level processes and facilitation and implementation of sensitisation and training activities for unions leaders and members.

Their tasks are regulated by Terms of References which also includes periodic reporting on activities implemented as well as collection and compilation of basic company and union data in their respective regions (ref. presentation of project performance indicators above). Their

area of responsibility is guided by the objectives of both projects as stated in the terms of references (both the NCC and the HUG project) which has the same stated key objectives (although the NCC project objectives has further expanded since the design of the terms of reference).

The regional coordinators are reporting to the IUF headquarter level in Geneva. At the headquarter level there are two “political advisors” (programme officers) in charge of among others, relations with the TNCs covered by the project, one for Nestle and one for Coca Cola. However, none of the above has an overall project management and supervision responsibility. The responsibility of formulating annual applications and relationships with SSOs is with another “political advisor”. Thus the operational management responsibility is divided between several persons without any with an overall management and operational responsibility on a daily basis. This may partly serve to explain the challenges mentioned above related to inconsistencies in project design, annual planning and monitoring of implementation.

4.1.5 Project financing

Each annual/biannual application has been developed with a budget for each funding SSO. NCC project has directly funded all non-wage activities of NCC with one exception, the cost of one regional coordinator in Latin America. The other Regional Coordinators have been funded by FES and FNV (three regional coordinators each and FNV funding an additional four sub-regional coordinators in Asia/Pacific); all involved in implementation of both NCC and HUG project activities. Accordingly, the total project cost and financing can not easily be determined unless the time allocated to each of the projects by these regional coordinators could be determined.

Table 1 – NCC budget and actual expenditure 2006 – 2008 (in 1000 CHF)⁹

	2006			2007			2008		
	Budget	Actual	Actual/ budget	Budget	Actual	Actual/ budget	Budget	Actual	Actual/ budget
LO Norway funded expenditure	163	150	92 %	163	165	101 %	140	157	112 %
FNV and FES	..	127	..	..	160	..	..	..	..
Total	..	277	..	..	325	..	..	..	..

As illustrated by the above table, FES and FNV are also significant contributors to the project based on an estimate of the cost of the inputs from regional coordinators to the NCC project alone¹⁰. This resource input is however not presented in a budget for the project since there is no overall project budget, only a budget for each source of funding and as mentioned; FNV funded regional coordinators serve two projects simultaneously.

⁹ Source: IUF expenditure statements for three “projects” (FES Coca Cola, FNV HUG and LO-Norway NCC).

¹⁰ In the table above the cost Regional Coordinators funded by FNV and FES that can be attributed to NCC activities has been estimated based on details of expenditure for the FNV and FES funded “projects”.

In table 2 below, we present actual project expenditure by region for the activities charged to LO-Norway's contributions. The expenditure reflects to some extent volume of activities reported even though it only includes the cost of one regional coordinator (Latin America). If the cost of regional coordinators had been included, it would have shown a relatively higher share of costs in Asia, slightly higher for Europe, almost the same level for Africa but lower share for Latin-America compared to the figures in the table.

Table 2 – Regional distribution of NCC expenditure funded by LO-Norway (in 1000 CHF)¹¹

	2006		2007	
	Actual	Percent	Actual	Percent
Asia and Pacific	23	16 %	43	26 %
Africa	11	8 %	27	16 %
Latin America	65	43 %	62	37 %
Eastern Europe	40	27 %	16	10 %
IUF Geneva	10	6 %	18	11 %
Total	150	100 %	165	100 %

The table above illustrates that 27% in 2006 and 10% in 2007 of funding from Norway funding LO-Norway was actually spent for activities benefitting countries and/or regions which are not eligible for development assistance as prescribed by the OECD/DAC¹² criteria. As will be presented in section later in the report, some of the activities in Asia are also implemented in non-eligible OECD/DAC countries. However, 90% of the funding from LO-Norway originates from the development assistance budget of the Government of Norway which requires that the OECD/DAC criteria needs to be complied with since it is reported by then to OECD/DAC as “Official Development Assistance” (ODA).

It may suggest that the funding instrument chosen for support to the project is not fully in line with the project objective and approach. The NCC project has a global trade union rights agenda, not a more narrowly defined development assistance agenda. In order to continue funding at the same level with Norwegian ODA funds, one option is to increase the share of LO-Norway's own contribution, another is to shift some of the regional coordinators in DAC eligible countries to LO-funding in exchange for costs in non-DAC countries to FNV or FES (provided they are not using their respective country aid budgets as the main source of funding). The latter means that LO-Norway broadens the scope of funding to support the same type of activities for additional TNCs (like the HUG project).

¹¹ IUF Accounts.

¹² The Development Assistance Committee of the Organisation for Economic Cooperation and Development.

5 PROJECT ASSESSMENT

5.1 Relevance

As previously mentioned, the current NCC project has evolved through several years and initially started out with focus on mobilising and supporting Coca Cola trade unions globally. Among others, a specific target was to reach a global agreement with the company on trade union rights and other issues, together with a structure for implementation of this agreement. In order to achieve this, NCC activities have been targeting affiliated unions in the form of counselling and training supported by development of guidelines and manuals on specific themes of relevance to TNC company unions. It has included research and documentation efforts related to observations of workers rights within the company. All these activities have, through the formation of national and regional federations and a global alliances, positioned the unions in their bargaining power vis a vis the company.

Since 2005 the project was expanded to include Nestle. Both Coca-Cola and Nestlé are large scale TNC's with presence in virtually every country throughout the world. They operate through a broad network of national subsidiaries and other business partners, even though their observation and compliance with trade union rates varies significantly from one country to another. Often the company headquarters have referred trade union issues to country laws and affiliates/partners thus not fully recognising its responsibilities as owners of a trade mark which is their main asset.

The project is based on the recognition that this is a regional and global issue that needs to be addressed, not only a national and company union issue. The project combines activities to strengthen company and national unions through a regional network of coordinators while at the same time promoting a process for consultations with company headquarters representing the unions globally. This is reflected by one of the key project objectives; to reach formal agreements with the companies. As such the project responds to the specific challenges of addressing trade union rights in a transnational corporation.

Including Nestle in the project and using much of the same project delivery structure (regional and sub-regional coordinators) in another project; HUG, is equally justified. A further step could even be to merge these two projects into one overall program to support unions of transnational corporations. It would further economy of scale with a uniform management and monitoring arrangement for its implementation by IUF.

Since this review is only based on documentation provided and consultations with IUF including regional coordinators, there is a limited basis for assessing actual relevance of individual activities as seen from the trade unions perspective. The basis for assessment has been the quarterly reports from the regional coordinators, annual consolidated narrative reports and the annual work plans.¹³

While the work plans reflect project objectives and planned results, the quarterly progress

¹³ Regional Coordinators prepared individual work-plans for 2008 while for 2009 a consolidated work-plan for the project has been prepared.

reports does not report in accordance with the work plans. This however does not imply that activities actually implemented are of less relevance but rather serve as an illustration of a major weakness in IUF approach and procedures for project management and monitoring.

As mentioned above, the main approach in implementing project activities are the deployment of regional coordinators. Through their quarterly project progress reports they reflect the main activities undertaken, mostly short term and small scale interventions – often labelled meetings for consultations, information exchange and support to unions. The majority of activities concerns travels by Regional Coordinators to meet and consult with national unions as illustrated in table 2 below presenting major activities reported on for 2007¹⁴.

Table 2 – Number of project activities by type of activity - 2007

Type of project activity	Number of activities
Counselling and support for union interventions, negotiations and conflict resolution	49
Meetings with unions and others for promotion of unionisation, planning of project activities and monitoring and outcomes	134
Research, documentation and information dissemination	33
Seminar/workshops for Unions	33
Union activities but not linked project activities and inputs	29
Total number of activities reported on	279

IUF is not a development agency but a political organisation serving the interest of its members. Its approach is to proactively promote formation and expansion of unionisation among female and male workers, formation of national federations and regional and global alliances. A majority of the project activities are in the form of counselling for union leaders and members as well as repeated interactions through meetings and other means of communication to promote unionisation, federations and alliances all which are linked to the overall objective of the project.

5.2 Efficiency

As mentioned the project delivery system is through services of regional coordinators. Project efficiency is first and foremost a question of efficiency of this system in delivering result. One measure could be to compare tangible results with the total resource effort, another to assess unit costs of services delivered. However, in both cases there is no systematic compilation and dissemination of results nor any consolidated overview of the resource effort by activity. In the former case a source of information has been progress reports and annual reports¹⁵ but they all report mostly on processes (activities rather than results). In terms of resources, the delivery system serves two separate projects and is funded from four different sources accounted for separately.¹⁶ In addition, there are inputs to project activities by the unions themselves but their actual contribution remains unknown.

¹⁴ For instance; in for the year 2007 the Regional Coordinators reported implementation of 279 separate activities.

¹⁵ By IUF labelled Annual *Evaluation* Reports

¹⁶ LO-Norway, FNV, FES and IUF own recourses.

Two major achievements verified by this review for the period 2006 – 2008 are the formation of a Global Alliance of Coca Cola Unions and the establishment of a Federation of Coca Cola Unions in Latin America. Comparing these two results to the overall costs would likely conclude with the fact that the resource effort (approximately 0.9 million CHF) has been high compared to the outputs. There is also little evidence in the documentation subject for this review to suggest that the results can only be attributed to this project.

On the other hand, lots of resources have been spent on counselling and promotion of unionism at national level, capacity building through training and sensitisation, research and documentation to support processes at all levels. Since the actual results in the form of number of new unions and union members, successes of negotiations in workers conditions, documentation and other outputs that can be attributed to the project are not systematically collected and disseminated it is again not possible to assess unit cost and efficiency in promoting all project results. Even for training seminars and other means of capacity building there are no outputs or outcomes presented like number of persons trained or changes in unions' relations with employer which could have enabled assessment of efficiency.

One other dimension of efficiency can be to assess efficiency in relation to the chosen strategy for implementation. This could be assessed by answering the following; Is the delivery system through regional coordinators a more efficient means of delivering the results than institutionalising the same within the regional IUF offices and/or hosted by some lead unions in a region (champions")? The project is to work at national and regional level to eventually also influence the TNCs at the global level. Regional coordinators contracted by the IUF directly is an approach which gives a better opportunity for achieving the final global results. Institutionalising responsibilities for project activities within selected Unions or regional offices would require additional resources within these unions for planning, management and monitoring of activities not only at national but also regional levels. Furthermore, regional offices have a regional focus; regional coordinators have a global focus using their regional activities as means to promote the global agenda. Even at the national level, experience has showed that there has been a need for and demand to expand the system of regional coordinators by deploying sub-regional coordinators in countries and sub-regions posing specific challenges.

Another dimension related to strategy is what areas (countries and unions) are targeted. There are several criteria that could be applied. One criterion is to focus on area with significant conflict but with a potential to obtain results which would eventually have highest impact on TNC labour policies. Another could be the areas where the potential for strengthening unions are the highest by, among others, through mobilisation of new union members and/or formation of new unions. A third selection criterion could be the need for support of union management and organisation. Some of the criteria may be interlinked, others not.

Targeting areas with small TNC affiliates and companies and relative weak unions would most likely mean relatively high volume of effort compared to results in influencing TNCs globally while areas with a high potential in terms of unionism and conflict would most likely gain much more impact at the global level. Judging from the distribution of resources and efforts it appears that the project (intentionally or unintentionally) has chosen the last option although it is a scope to focus the resources even more in line with these criteria.

5.3 Results and likely impact

In the following we will present some observations related to achievement of stated objectives/results.

The project is currently to achieve 3 main objectives and 11 specific objectives. The project is also stated to produce 4 main results (ref. section 4.1.2). Many of the “stated objectives” are defined more as processes than actual objectives while the “results” presents more measurable achievements the project is to make. These stated results are however not fully consistent with the 3 main objectives which used as the structure applied for reporting. This review has accordingly chosen to present achievements made partly related to “main objectives” and partly related to planned “results”. Only some of the objectives and results have been specified to an extent that allows evaluation of achievement and which can be attributed to the project (rather than to other processes or by the Unions themselves)¹⁷. However, the annual project reports of IUF suggest that results have been produced which partly can be attributed to the project.

One of the stated results (targets) of the project is to establish a regular global forum for dialogue between IUF-affiliated Coca-Cola and Nestlé unions and key components of the companies. This was the main target for the project when it was initially designed.

In the case of Coca Cola IUF succeeded already in 2003 to have the first global meeting providing a mandate to a “contact team” to proceed with semi-annual meetings with the Coca Cola company. This in turn led to the signing of a “joint statement” recognising some basic principles by the Coca Cola company related to workers rights and recognition of trade unions. While a formal agreement has yet to be achieved, an IUF negotiation team has been established to move the process further to reach an International Framework Agreement with the Coca Cola company. The above can partly be attributed to project activities by supporting and facilitating consultations at national and regional levels for the global process. There is also evidence to suggest that progress at the global level has had influence on Unions and their bargaining powers at the national and company levels since they can use the global consultation process and the joint statement as reference.

Another major achievement which can partly be attributed to the project is the establishment of a Global Alliance of Coca Cola Unions which was formed in 2008. This alliance is according to its statutes first and foremost established for information exchange and coordination of efforts at different levels but also implement solidarity work on behalf of its members. It may eventually also take a more leading role in the consultation process with the Coca Cola company at the global level.

IUF has facilitated the Global Nestle Trade Union meetings and, as a result, attempts have been made to establish a similar process as with Coca Cola, among others by suggesting to Nestle the signing of a joint statement with similar content as for Coca Cola as a first step in a move towards a joint formal agreement. However, this was and still is rejected by Nestle.

¹⁷ The so called Annual Evaluation reports as well as quarterly progress reports present a lot of information on country, regional and global level developments but often without reference to contributions by the project and in many cases what is reported upon is not due to project activities.

There are several other notable results at union, national and regional levels also reported on related to strengthening of unions, national and regional federations and networks which can be attributed to the project. The role of the project has in most cases been support through training, issuing of guidelines and information, and counselling in development of organizations and in cases of conflict.

Since there is no overall consolidated report on the achievements made nor any targets set for these activities in the project “documents” (applications) some samples from regions can be presented to serve as an illustration of results attributable partly or fully to project activities during 2006 – 2008, the period subject for this review:

- The project has trained unions and sensitized unions with the use of a manual developed by IUF on the outsourcing and casualization in the food and beverage industry designed for trade unionists who are confronting the growing prevalence of fixed-term contract employment, agency labour, outsourcing and other forms of precarious employment relationships.
- Support from the project contributed to the formation of the All India Cola and Other Allied Industries Employees’ Federation.
- The project has undertaken mapping of Pepsi-Cola unions in Philippines with the aim of building an alliance of Coca-Cola and Pepsi-Cola workers.
- It has initiated the revitalization of the national coordinating body of Coca-Cola unions in Japan.
- It has supported Coca-Cola workers in Malaysia for their subsequent affiliation to IUF.
- The project conducted Nestle strategy seminars in the Philippines, Malaysia and Pakistan which resulted in improved coordination and communication among unions which also lead to more proactive efforts in providing information to IUF.
- The project supported the Employees Union at Nestlé Milkpak in Pakistan for the right to free union elections bringing an end to months of intimidation by Nestlé management.
- In Indonesia the project facilitated the Union of Nestlé Indonesia Workers (SBNI) to negotiate single national CBA in 2008.
- Seminars on outsourcing and casualisation was also organised in Namibia (NAFAU) and South Africa (FAWU). This is claimed to have influenced the enforcement of the government of Namibia’s banning on labour brokering and the government of South Africa is considering enacting legislation regulating same.
- A Coca-Cola National Shop Stewards Council in South Africa was revitalised with assistance from the project.
- The federation of Coca Cola Workers Unions in Romania was strengthened with the merger of some unions resulting in increased membership.

- In Russia the project facilitated formation of new plant level unions despite severe repression against activists
- With participation in a project seminar and further counselling the Romanian Nestle Unions undertook steps to organize at a new company take-over by Nestle.
- Nestle plant level and regional seminars in Russia served to support plant level union developments with unions becoming IUF member organisations and affiliated to national unions.
- The project facilitated the formation of Latin American Federation of Coca Cola Unions which includes some 60 unions.

While several other notable results could also be mentioned, the main observations from the above is that they all contribute to the overall goal of strengthening the collective bargaining powers globally through support at national and regional levels.

However, as also evident from this and previous sections of this report, the project is not planned and implemented in a consistent and structured manner which is likely due to the overall weakness in design of the project (a partly inconsistent and partly fragmented log. frame), weak planning instruments and which in any event do not serve as guidance for implementation (as evidenced by what is planned is not consistently reported on). Furthermore, there are few measurable targets set for what is to be achieved. Those that are, are in most cases not monitored by collection and compilation of credible data and information (like number of members and/or share of workers becoming members of unions). Thus while the project produces results project effectiveness could be significantly improved by a more informed process and tools for managing and monitoring its implementation. This issue will be discussed further in sections below.

The resources allocated to this review did not allow any assessment of impact. Most of the information presented is from one single source, the IUF itself. Accordingly, information from the target group of the actual benefit of the project interventions to the target group has not been assessed. A systematic survey from a Union perspective, also to guide the IUF in further planning of interventions should be done as an opportunity to assess impact so far and to inform IUF on needed adjustments and further priorities. This would be an important addition to inputs provided on a more ad hoc basis from consultations in the various fora where IUF secretariat, regional coordinators and union representatives of Coca Cola and Nestle meets.

5.4 Sustainability

The main issue to be reviewed under the label of sustainability as per terms of reference was to what extent project activities could be sustained as and when LO-Norway may consider phasing out its support. The answer to this is most likely that the project will phase serious resource constrains even though the funding of the main system for implementation of project activities, the regional coordinators, are funded by other SSOs (with one exception; one regional coordinator in Latin America). Since the remaining operation budget is depending fully on LO-Norway's contribution (travel and other operational expenses for activities undertaken by regional coordinators) IUF would accordingly need to find another SSO partner to substitute LO-Norway if funding discontinued from them. The IUF secretariat and regional IUF offices are funded by membership contributions, targeted interventions through projects

are externally funded and discontinuation of this form of funding would leave IUF with limited abilities to promote global, regional and national union alliances and federations and promote their dialogue with TNCs.

The issue of sustainability could also be assessed in terms of ability to produce sustained outcomes. Observations from the reporting on annual results by IUF regional coordinators, suggest that despite achievements made in supporting and strengthening Unions, federations and alliances, there are frequent setbacks due to various actions by the TNCs to undermine or weaken project outcomes. In several cases it demands repeated efforts by the project, often in the form of counselling to resolve conflicts and sometimes due to the changing business models (franchise, outsourcing, etc.) and employment policies. Furthermore, the global objective needs sustained actions planned with due consideration that real sustained outcomes may take several more years to achieve e.g. Nestle that continues to reject a global level consultation process and the years it has taken to establish one with Coca Cola and still only with a joint statement as the result, not a formal binding agreement.

If the project was to be institutionalised and fully funded by IUF it would require an increased membership base and further strengthening of union members which eventually would increase the revenue base for IUF. Project funding and other external contributions constitutes 56% of the total IUF budget while the remaining is from regular operational income with “affiliation fees” membership fees as the main source of income¹⁸. The latter is even not sufficient to fund IUF’s current operational expenditure (dependency on other external contributions to undertake committee and congress meetings as well as for secondment of some staff at the secretariat).

5.5 Modality of cooperation

The modality of cooperation between IUF and LO-Norway is first and foremost described by IUF serving as the project executing organisation with LO-Norway serving as a financial partner. However, more recently, LO-Norway through its member union, The Norwegian Food and Allied Workers Union (NNN) are actively engaged in one of the processes linked to the project, the previously mentioned “negotiation team” promoting a formal agreement with Coca Cola.

There is no legal framework guiding the support from LO-Norway to the project (no project agreement between LO-Norway and IUF). The annual contributions have been determined based on project applications from IUF with a budget annexed to the application. Lately, IUF has also presented annual work plans for each region by regional coordinators, for 2009 also for the first time a consolidated overall work plan for the project (basically merging regional plans into one overall matrix).

Progress in implementation has been presented in the form of “Annual Evaluation Reports”¹⁹. These reports contain an annual overview of progress by region. In addition, IUF Regional

¹⁸ Based on IUF budget figures 2008.

¹⁹ For one of the years this followed the format of LO-Norway which is again based on the format for progress report to the main source of funding; Norad.

Coordinators produces quarterly reports which for some years were shared with LO-Norway.

Accounts have been presented for each year by region and items of expenditure (economic classification). The statements have been supported by annual audits conducted by an auditor commissioned specifically for project audits i.e. not the auditor of IUF regular accounts. While this is a major fiduciary issue an explanation provided for this procedure is that the regular auditor is a large scale audit firm and the arrangement with a separate smaller audit firm subsequently reduces cost of audit.

As previously mentioned, the project is funded by several SSOs and some of the inputs funded (regional coordinators) serve the purpose of another similar project (HUG). The annual report presents the overall progress of the project while the financial statements show only resource use by LO-Norway since there is no consolidated financial statement for the total project i.e. budgeting and accounting is done by source of funding, not by project.

As evident from the significant limitations faced by this review, the amount of information concerning the project is significant but its presentation does not allow adequate basis for making an informed decision on actions needed to be taken to improve on project performance. It does not give any reasonable basis for assessing actual progress in implementation of planned activities, whether planned results were achieved nor any basis for assessing efficiency in utilisation of resources. This is based on the following;

- The project design suffers from significant weaknesses. There are few measurable targets presented for which progress can be assessed. There are numerous indicators presented in project applications but many of them do not serve as indicators of progress in outputs and outcomes that can be directly attributed to project activities. Data and information to compile these indicators are in any case not systematically collected and presented.
- While annual work plans are produced (for the first time for 2008), progress is not reported against these plans. In addition, many of the items presented as progress in the progress reports are on general developments of unions and events in the region without any clear attribution to project activities. Accordingly it makes it difficult to assess actual progress of the project as compared to actual progress of other processes.
- The financial reporting is based on detailed level of accounting by source of funding using a separate accounting system. It is not using the regular financial management system of IUF. The project accounts are not consolidated across sources of funding. The project accounting system is computerised (using series of Excel spreadsheets as inputs) which makes the process of accounting for all 32 projects very demanding with limited opportunity to also report on cost by activity (activity based budgeting and accounting), a requirement to enable adequate project monitoring. While work plans provide a budget by activity this is not meaningful as long as allocations are not made by activity and there is no activity based presentation of expenditure.

The above suggest several challenges for IUF to improve on its project and programme planning, monitoring and reporting arrangement.

The current project management arrangement within IUF consists of two “political advisors” to serve as IUF focal points related to the project (one for Coca Cola, one for Nestle). In

addition, another political advisor serve as the focal point for the external partners (like LO-Norway) and finally, one financial management staff has the overall responsibility for project budgeting and accounting. Finally, the regional coordinators have the responsibility of producing plans and reports and manage implementation of activities.

What is lacking is someone with the overall operational management responsibility of the project with the overall responsibility to oversee the total project, to produce a consolidated annual plan and budget with budget allocations by activity and monitor progress against these plans and use of resources compared to budget. With such a responsibility assigned, the overall weaknesses in design, planning, monitoring and reporting would become immediately visible since such a responsibility would immediately demand changes and improvements in relation to the above observations. It would serve to inform IUF management in more strategic planning with regards to its project interventions and which areas to target (ref. discussion in point 5.2)

IUF is currently implementing 32 projects with support from 9 funding partners. Almost all of these partners (SSOs) require different format for planning, monitoring and reporting (exceptions are the applications to LO Norway which follow the same planning format as used by LO-TCO Sweden). Attempts have been made by FNV to introduce formats that resemble regular log frame planning and reporting formats. All SSOs also require audit trail from source to final use; i.e. real earmarking rather than a program based approach to funding.

It would have significantly improved the IUF's opportunity for consolidated planning, management and monitoring if the three donors to the NCC project pooled their funding for the project and allowed IUF to plan, budget and report on the project in one consolidated process. It should even be considered for the HUG project as well by merging it with the NCC project since they are almost identical in design and use the same system for delivering activities (same regional coordinators). This would also greatly assist efforts required by IUF to introduce one internal system for planning, management, monitoring and reporting.

ANNEX I – TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE EVALUATION OF THE IUF PROGRAMME ON TRADE UNION RIGHTS WITHIN THE COCA COLA COMPANY

Background

LO Norway has since 2003 supported the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations' (IUF) work to strengthen the trade union rights within the Coca Cola Company.

Through research, documentation, networking, organising, training and education the IUF and its affiliated unions should be able to develop strategies on how to improve labour rights and trade union rights through negotiating collective agreements benefiting its members. Thereby, the influence of the trade unions in the Coca Cola Company may be enhanced. The programme has involved IUF's regional offices and several member organisations in Africa, Asia and Latin-America. Target group has been elected local and national leaders of unions representing Coca Cola employees. Main beneficiaries are members of Coca Cola workers' unions. Workers' safety, health and environment as well as gender issues have also been important elements of the project.

LO Norway wants to evaluate the IUF programme in the beginning of the year 2009, in order to assess the performance and progress, and to see if the results or objectives are being met. It is further required to evaluate the projects in order to form a basis for decisions in LO-Norway regarding possible finalising or continuation of the projects. The evaluation will cover the period 2006-2008.

Objective of evaluation

- To assess the results of the support provided to IUF by LO to strengthen the trade union rights within the Coca Cola Company.
- To assess the modality of cooperation between IUF and provide recommendations on areas for improvement, in particular related to monitoring and reporting on performance by IUF.

Scope of work:

The evaluation should include, but not necessarily be limited to, an assessment of the following issues;

1. Has LO's support been relevant i.e. has the project targeted the needs of the organisations and their affiliates, and if the project has been changed during its implementation, has it been modified in accordance with any changing needs of the partners?
2. The efficiency in implementation of the project. The principal parties involved in the project are LO-Norway, IUF and its affiliated trade union organisations. How efficient have these organisations been in the implementation of the project i.e. has the work been

carried out, and the financial and human resources been used in an appropriate and cost-efficient manner?

3. What are the results of the project so far? Is it likely that the objectives will be met, and that all the expected results of the project will be produced by the end of 2009? If not, - why i.e. have the objectives been unclear and/or unrealistic or is it due to other internal and/or external factors? Have recommendations of the member organisations, LO-Norway and internal reviews been followed up in an appropriate manner?
4. Sustainability. Are IUF and the beneficiary organisations able to continue the project activities when LO-Norway support ends? Has the capacity of the organisations been permanently improved? If so, what are the indicators of this?
5. External impact. Has IUF and the beneficiary partners been able to improve their performance towards the governments, employers and the general public of their countries as a result of the project? Has there been an impact of political influence in the society, improved trade union rights, better labour legislation, etc, that may be directly or indirectly linked to the project?
6. Other findings. In addition to the above the evaluation team is may include what it may consider relevant, including assessment of gender issues and to what extent they have been adequately addressed in the project.

The Consultants should review any strengths or weaknesses of the programme and their partners, and if appropriate make recommendations for a possible continuation or termination of the programme after 2009.