



Better Factories Cambodia

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4 March 2009



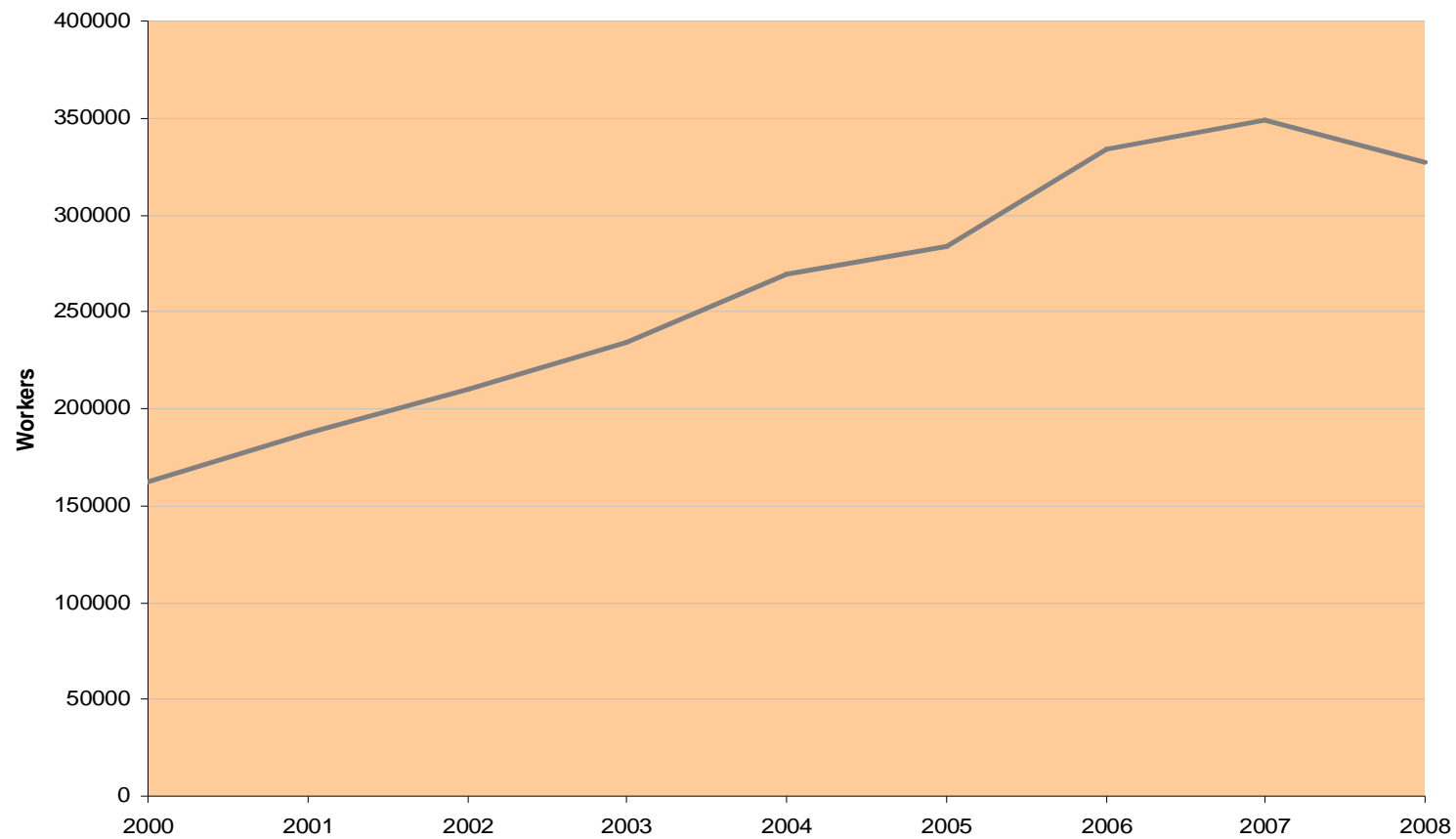


General Industry data 2008

- 2.9 billion in exports in 2008
- 350,000 workers feeding 1.7 milj.
- 312 factories registered with BFC
- Constitutes 93% of Cambodian export revenues
- 16% of GDP

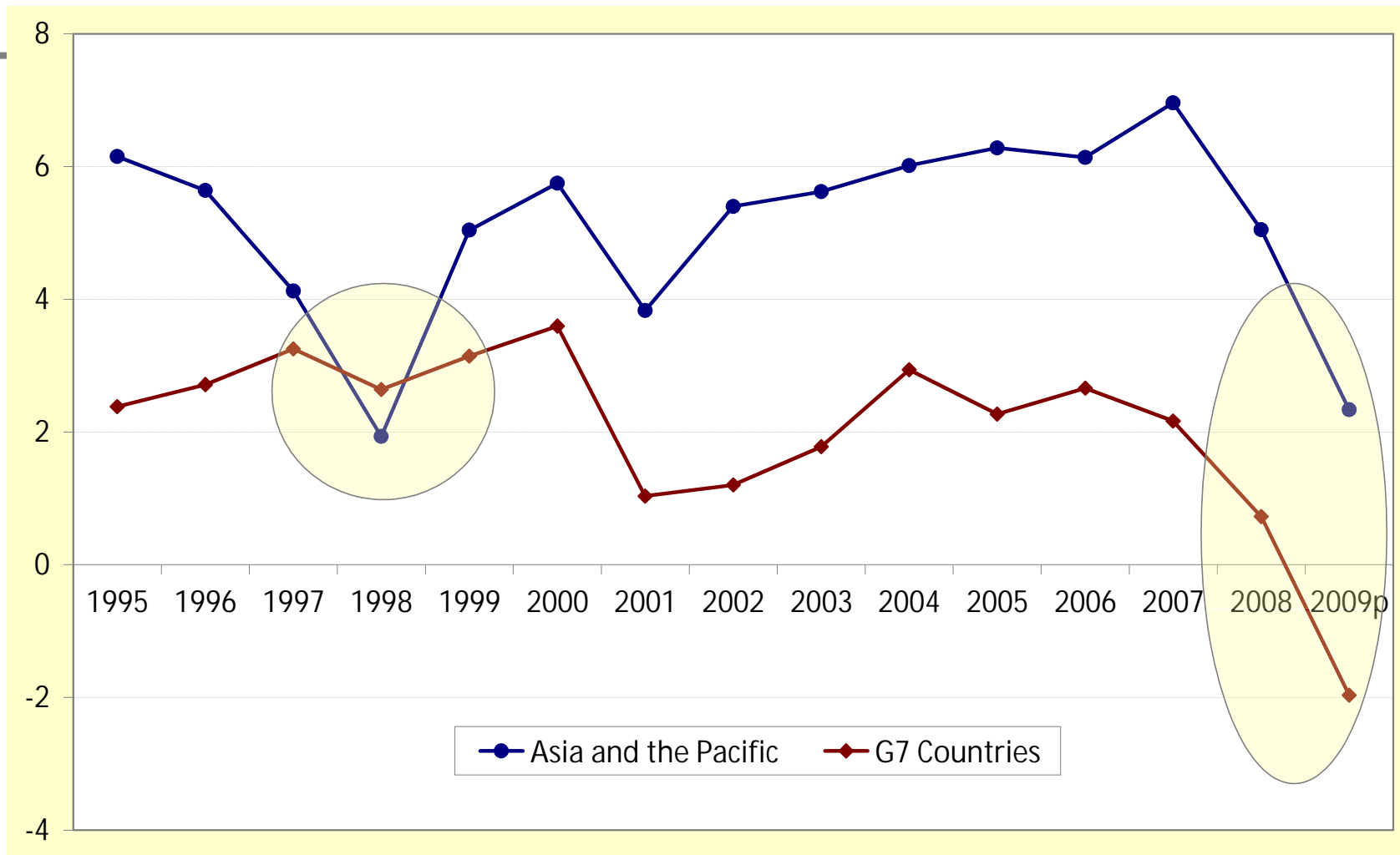


Employment Growth in the Cambodian Export Garment Industry Jan 2000 - Oct 2008





GROWTH RATES FALLING IN ASIA AND IN G7 COUNTRIES (Annual GDP growth (%) 1995-2009)





Background

- 1999 US Cambodian Trade Agreement – Quota access for compliance
- ILO requested to monitor working condition – 2001
- 100% garment export industry coverage
- Programme extended until end of 2010



Garment workers



- Predominantly women 93%
- Mostly coming from the countryside
- Their first employment
- On average 23 year of age
- Earning \$ 73- \$78 per month with overtime
- Last quarter of 2008 around 28,000 jobs lost / 60 factories closed -> 2009?

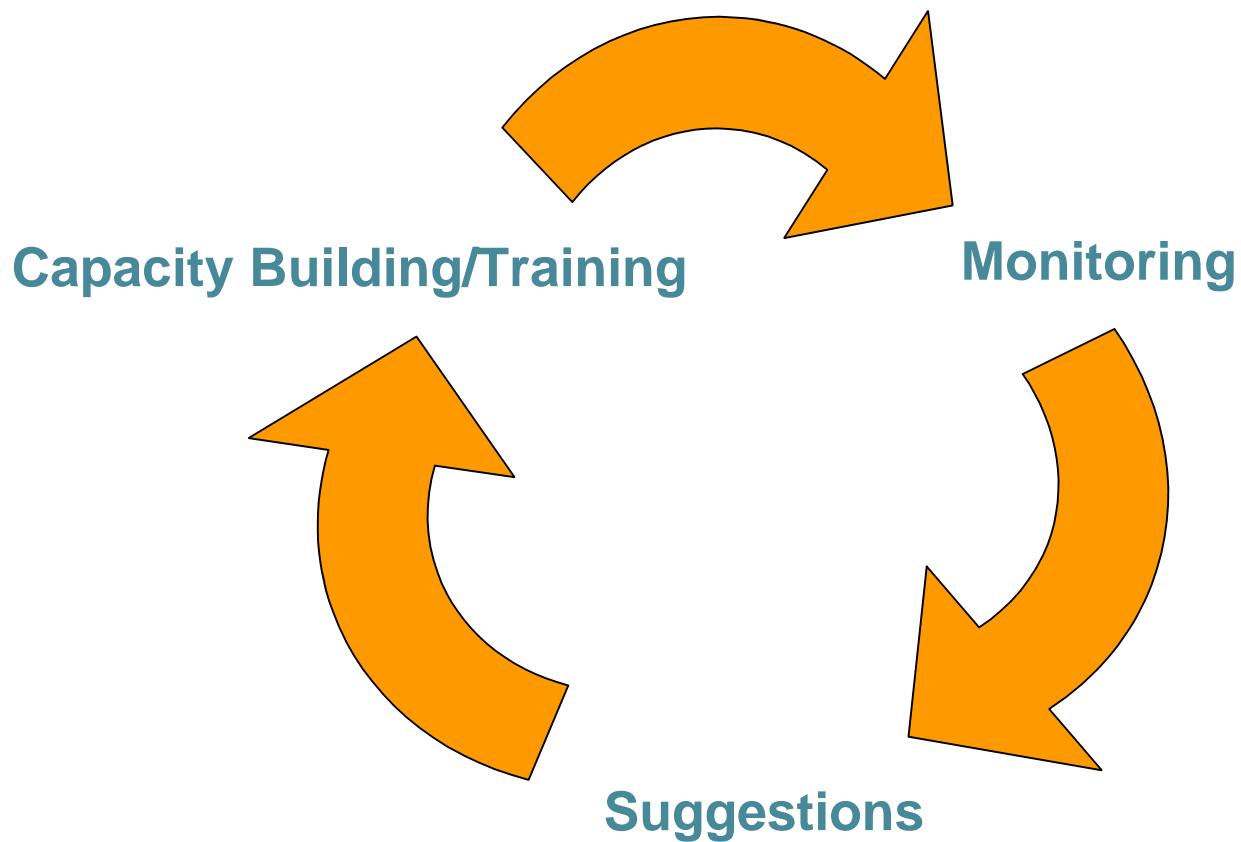


Industry Challenges...

- Productivity and competitiveness (Cost structure, lead times, red tape etc.)
- Compliance costs (labour, environment, security)
- Stability of Industrial Relations
- Vietnam's accession to WTO/China
- Infrastructure and governance



Better Factories Cambodia Monitoring and Remediation cycle



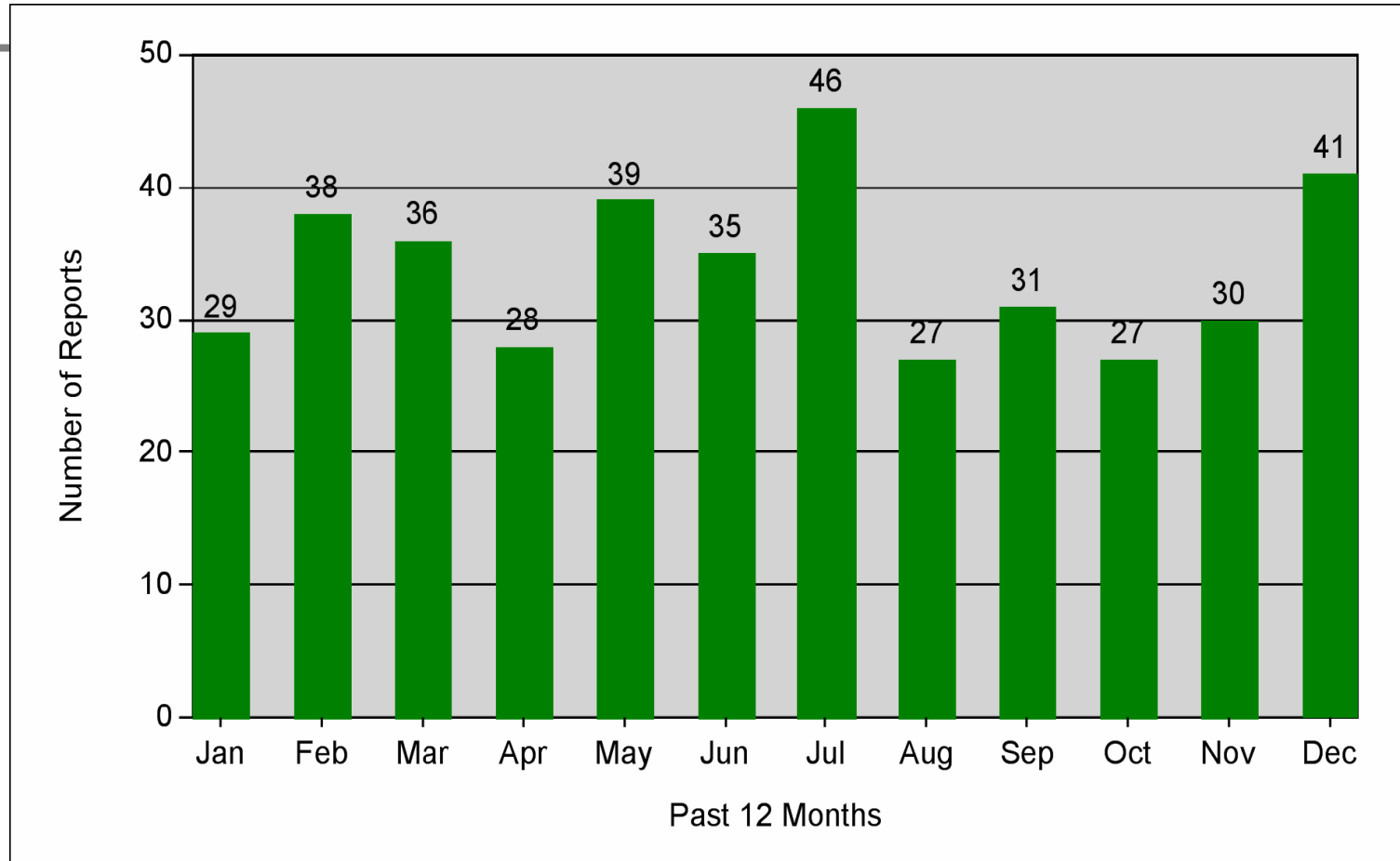


Monitoring (end 2008)

- 303 factories
- Workplace monitoring is a condition of export by govt regulation
- Observes national law and core international labour standards
- 37 buyers using the system
- Independent and transparent



Total number of reports signed off per month





Gaps in compliance...

- Overtime (long hours but low productivity)
- Double book keeping
- Safety and Health
- FOA and Discrimination
- Contracting practices
- Strikes that don't follow requirements of law



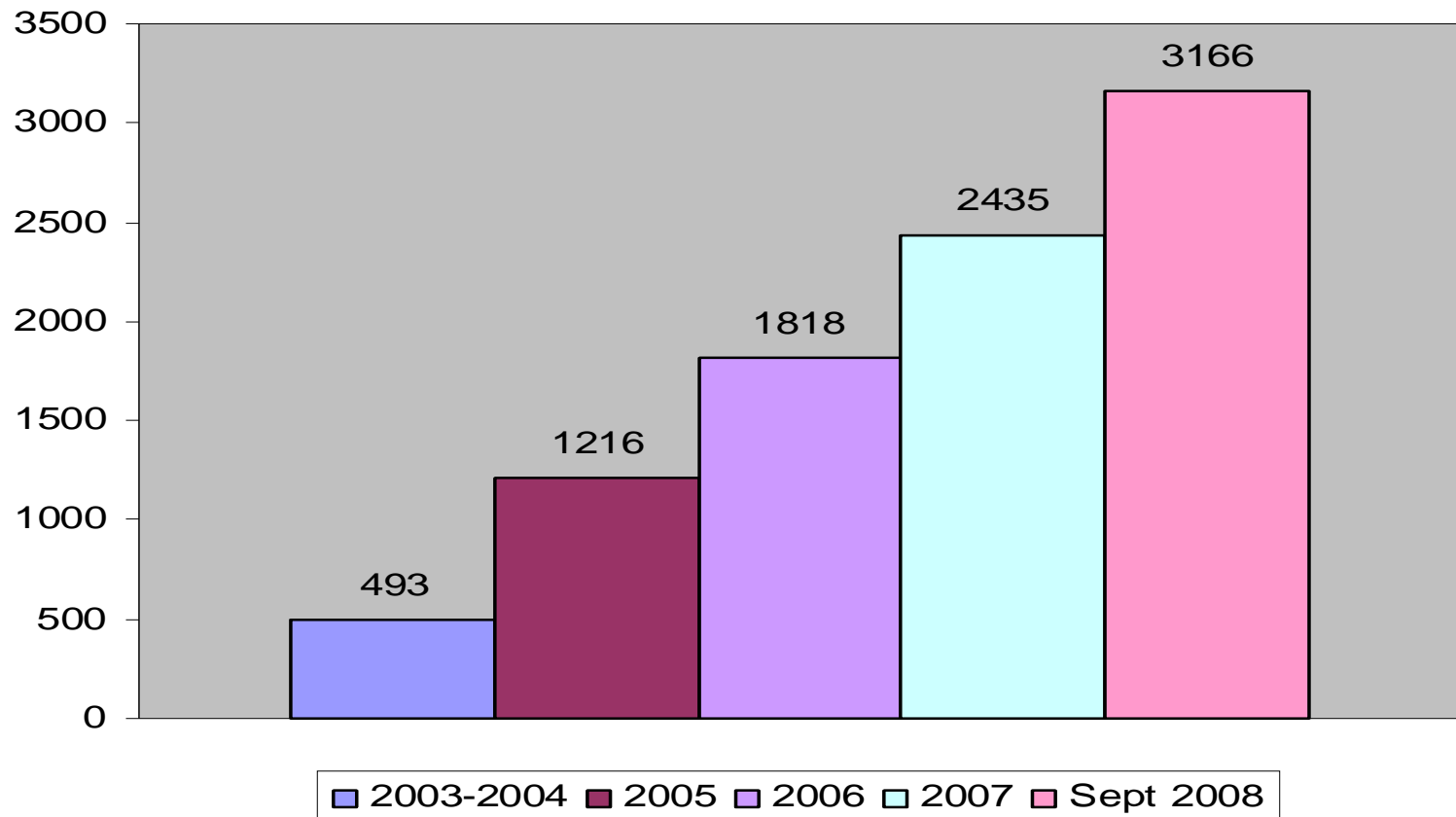
Training services



- Modular program (12 months)
- Single issue seminars (first aid , OSH etc)
- Induction Training
- Factory-based training/ workers' education
- Supervisors & Senior Managers skills training
- Training on compliance



Number of Participants 2003-2008





Stakeholder views on BFC





Government



- Supports the programme through Ministers of Commerce and Labour
- Part of Government Trade policy to link labour and trade
- Joint work with Labour Inspection (OSH and enterprise physicians training)
- Values a mandatory process with 100% industry coverage



Manufacturers (GMAC)

- Appreciates the “reputation” and trade benefit
- Asks for more explicit “business benefits” from buyers
- More responsiveness in addressing IR issues
- Joint work on “compliance” training and industry promotion



Unions...



-
- BFC works mostly with enterprise level unions
 - Average 1.4 unions per enterprise
 - Union messages:
 - > "Abolition of BFC will have a negative impact on the economy..."
 - > "Sends a message to factory owners to do what they want...even now there are many problems..."



Buyers



-
- BFC considered best industry practice with solid projects and tools
 - ILO seen in the forefront of innovation
 - Helps translate CSR principles in practice
 - Moving to integrating compliance into sourcing decision
 - Ethics/corporate culture

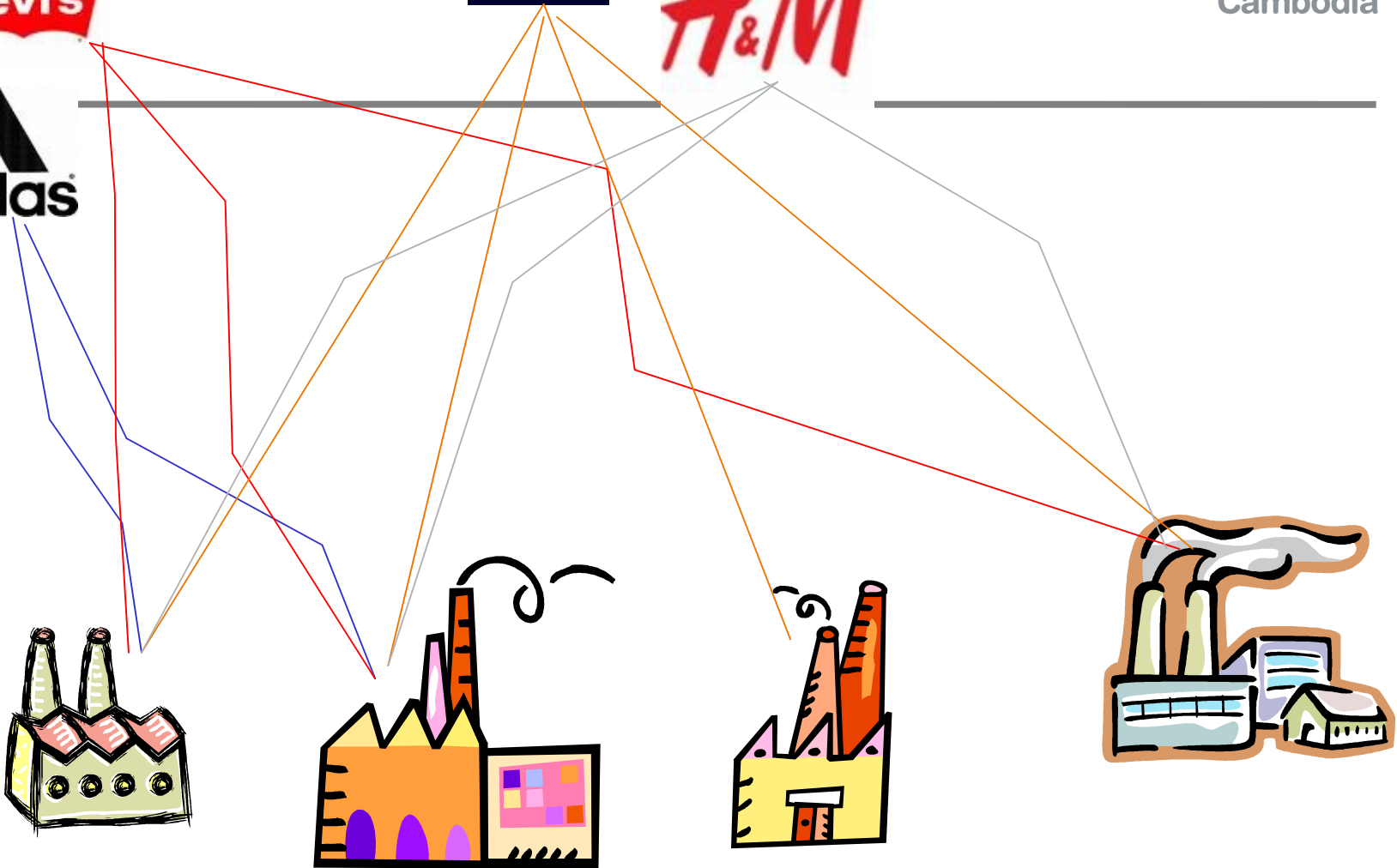
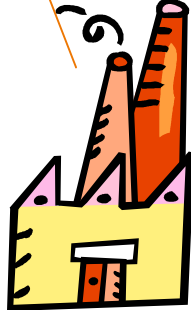
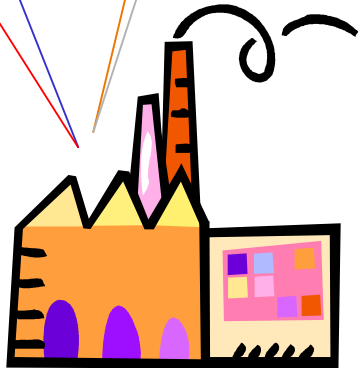
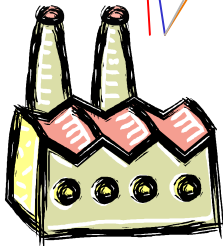


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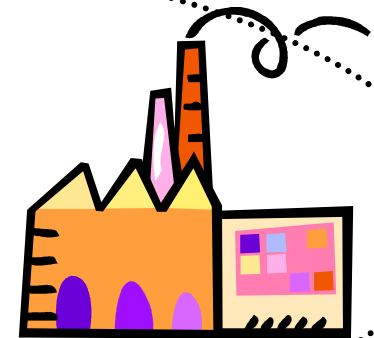
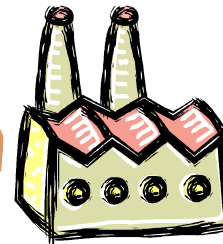
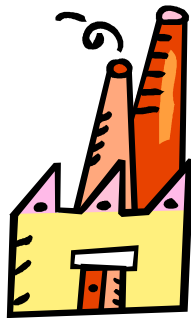
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So far ...the programme has been credited with..



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- > Progressive improvements in working conditions
 - > Contributing to the growth of the industry = employment (formal/informal and use of remittances)
 - > Reducing multiple buyer audits
 - > Enhancing workers and employers knowledge about their rights and responsibilities



Where are we going?

- Monitoring of compliance continues to be the core area of work for BFC
- From generic training to problem solving with tangible and measurable results -> Customized Training Services/positive change
- Improved labour inspection through collaboration with Government

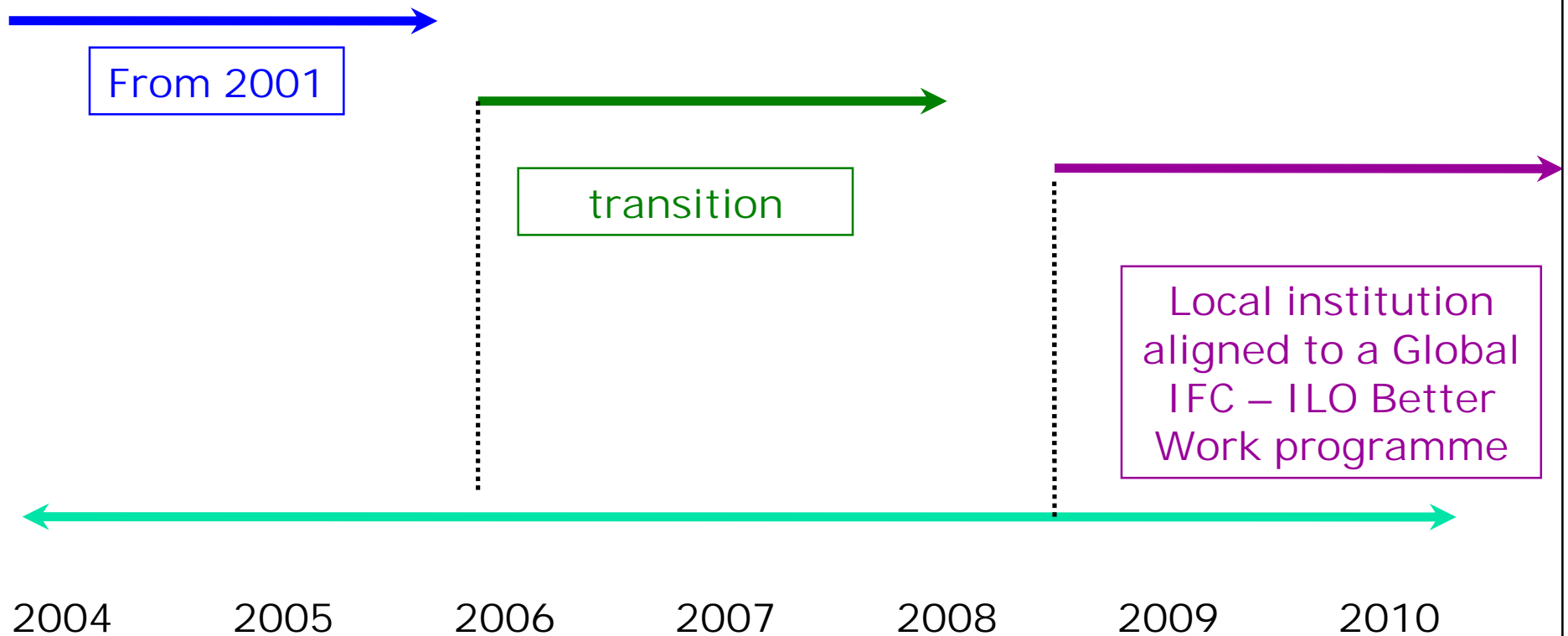


Continued

- Increasing investment in health education, facilitating use of savings/remittances
- Investment in human capital / skills training
- Adding a component on energy savings and environmental compliance (co IFC)
- Addressing the impact of the current economic shock (co UNDP, WB and other)



Building Sustainability





= ILO- IFC Better Work Programme



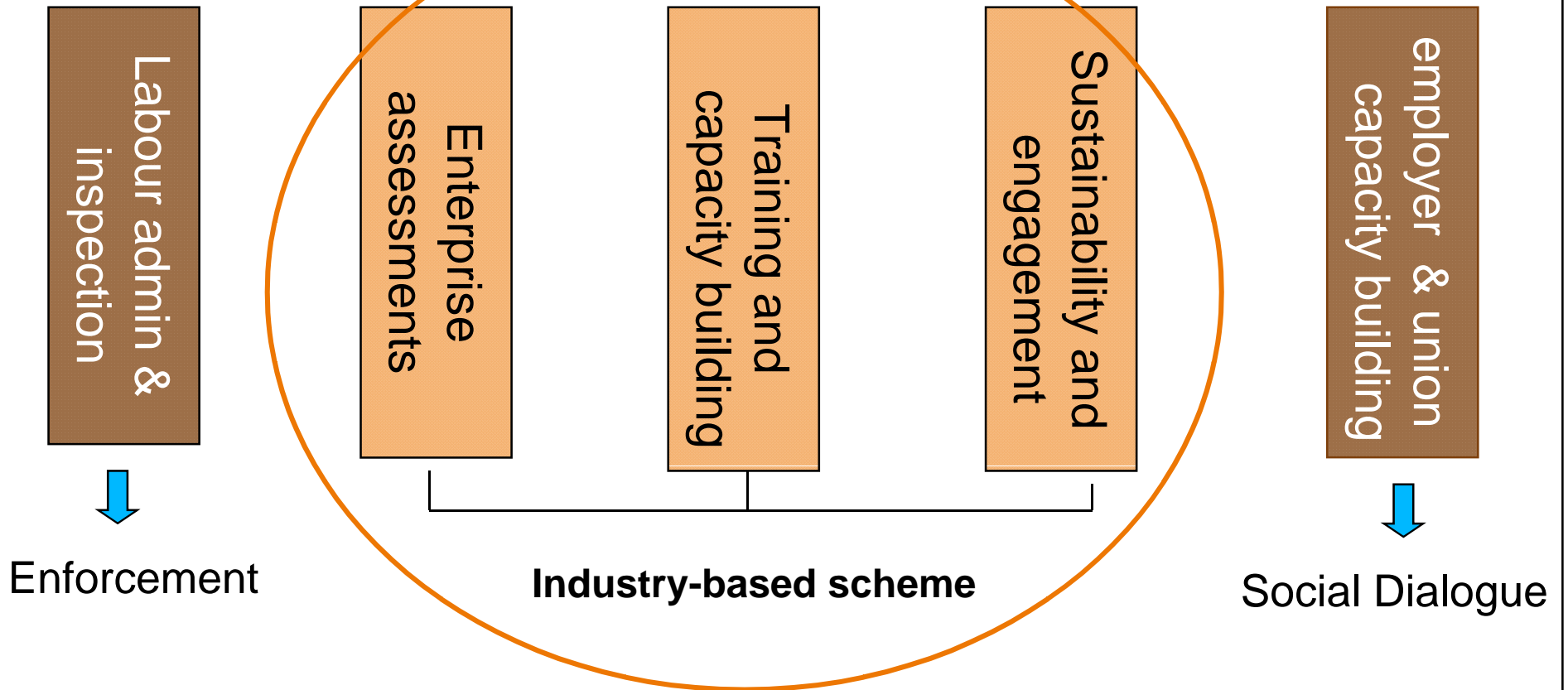
Objective : To improve labour standards and competitiveness in global supply chains

Pilot Regions:

- Viet Nam
- Jordan
- Haiti



Better Work





Task today – legal empowerment of the poor



- Need for holistic approach where social dialogue, government regulation and industry based schemes cohabit and compliment each other
- Responsible production and ethical investment can play an important role in pro poor development and legal empowerment
- Importance of balancing rights and responsibilities



Thank you:

www.betterfactories.org
www.betterwork.org