

**ENSURING THAT WORKING CONDITIONS IN THE TEXTILE AND  
APPAREL SECTOR IN CAMBODIA COMPLY WITH INTERNATIONALLY-  
RECOGNIZED CORE LABOUR STANDARDS AND THE CAMBODIAN  
LABOUR LAW**

(CMB/05/M50/USA, CMB/02/M51/USA,  
CMB/00/M51/CMB, CMB/00/M52/CMB)

**INDEPENDENT FINAL EVALUATION REPORT**

(Covering the period February 2003 – December 2005)

**Project funded by the United States Department of Labor, the Royal Government  
of Cambodia and the Garment Manufacturers Association of Cambodia**

**and**

**Executed by the International Labour Office**

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## ACRONYMS AND ABBREVIATIONS

<b>AFD</b>	Agence Française de Développement
<b>ADB</b>	Asian Development Bank
<b>BFC</b>	Better Factories Cambodia
<b>CAMFEBA</b>	Cambodian Federation of Employers and Business Associations
<b>CCTU</b>	Cambodian Confederation of Trade Unions
<b>CLC</b>	Cambodian Labour Confederation
<b>CLEC</b>	Community Legal Education Center
<b>CTA</b>	Chief Technical Adviser
<b>FIP</b>	Factory Improvement Plan
<b>GIPC</b>	Garment Industry Productivity Center
<b>GMAC</b>	Garment Manufacturers Association of Cambodia
<b>IFC-MPDF</b>	International Finance Corporation – Mekong Private Sector Development Facility
<b>ILO</b>	International Labour Office
<b>ILO/DANIDA</b>	International Labour Office and the Danish International Development Agency
<b>IMS</b>	Information Management System
<b>IPEC</b>	ILO International Programme for the Elimination of Child Labour
<b>LDRP</b>	Labour Dispute Resolution Project
<b>MDGs</b>	Millennium Development Goals
<b>MFA</b>	Multi-Fibre Arrangement
<b>MOLVT</b>	Ministry of Labour and Vocational Training
<b>MOSALVY</b>	Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation
<b>NGO</b>	Non-Governmental Organization
<b>NZAID</b>	New Zealand’s International Aid and Development Agency
<b>PAC</b>	Project Advisory Committee
<b>PICC</b>	Performance Improvement Consultative Committee
<b>PMP</b>	Performance Monitoring Plan
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>RGC</b>	Royal Government of Cambodia
<b>RO-Bangkok</b>	ILO Regional Office for Asia and the Pacific
<b>SRO-Bangkok</b>	ILO Subregional Office for East Asia
<b>TOR</b>	Terms of Reference
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNIFEM</b>	United Nations Development Fund for Women
<b>USAID</b>	United States Agency for International Development
<b>USDOL</b>	United States Department of Labor
<b>WRAP</b>	Worldwide Responsible Apparel Producers

## EXECUTIVE SUMMARY

### **“Ensuring that working conditions in the textile and apparel sector in Cambodia comply with internationally-recognized core labour standards and the Cambodian labour law project”**

(CMB/00/M50/USA, CMB/02/M51/USA, CMB/00/M51/CMB, CMB/00/M52/CMB)

#### **Independent Final Evaluation**

##### **1. Background and context**

Three decades of civil strife devastated much of physical, governmental and social infrastructure. Cambodia continues to struggle to establish full rule of law and widespread corruption is one of the major problems facing the country. The growth of the private sector in Cambodia, considered as a crucial factor to create jobs and reduce poverty over the past decade, was driven by the export performance of the garment sector. In 1999, the Governments of the Kingdom of Cambodia and the United States signed a three-year Trade Agreement on Textile and Apparel, which was later extended until December 2004. The agreement linked an increase in the quota for garments produced in Cambodia for export to the United States, to demonstrated improvements in working conditions in Cambodian garment factories based on compliance with core international labour standards and the Cambodian labour code.

Following this agreement, the ILO was requested to design and execute a three-year technical assistance project to support the efforts to improve working conditions in the garment sector. The project commenced in January 2001 and was funded primarily by the United States Department of Labor (\$1 million), with additional contributions from the Royal Government of Cambodia (\$200,000) and from the Garment Manufacturers Association of Cambodia (\$200,000), bringing the total project budget to \$1.4 million. The project was extended for two more years, until December 2005, with USDOL funds totaling \$2,675,000. Beginning in 2005, the project began receiving additional support from a variety of donors, ensuring the further development and continuation of project activities until December 2008.

The project objectives mirror the improvement cycle strategy of the project, which combines an independent monitoring system with strengthening the capacity of factories, employers, workers and government officials to implement improvements in working conditions and to ensure compliance with core labour standards and Cambodian labour law (including assistance with legislation).

The project, re-named later as *Better Factories Cambodia*, was designed to run in parallel with the Labour Dispute Resolution Project. LDRP is also executed by the ILO and aims at improving the labour relations system through the establishment of an effective labour dispute resolution system, considered to be an important factor affecting labour-management relations, productivity and employment in the sector.

A mid-term evaluation of the project was carried out at the end of January 2003 and its results are fully addressed in this report. The independent final evaluation mission was carried out from 2 – 23 March 2007 in conjunction with the evaluation of the Labour Dispute Resolution project. The evaluation team was comprised of an independent

evaluator, Mr. Luis Reguera, who was the team leader, and an official from the ILO, Mr. Christopher Land-Kazlauskas. The methods used in the evaluation included a review of project documents, team planning meetings and conference calls, individual interviews and meetings with ILO staff supporting the project in ILO Headquarters and in the ILO Regional and Sub-regional Offices in Bangkok, meetings and interviews in Phnom Penh with the project management and staff, tripartite partners and stakeholders, donor agencies, international buyers, international development agencies, factory visits and debriefing. The team collected data from project related documents, the project website, other websites and other relevant documents from a number of sources.

## **2. Main findings and conclusions**

a.) The team found that the project was highly relevant for the country, an opinion that was shared unanimously by all interlocutors. It was aligned with the country needs and priorities, UN development policies and frameworks and the ILO's Decent Work Agenda. The team considered, however, that the immediate objectives of the project document were not realistic within the project's timeframe and budget. Project extensions sought to remedy this situation. The improvement cycle strategy of the project continued to prove its validity during the extension period.

b.) The management competence of the three successive Chief Technical Advisers (CTAs) of the project, Mr. Lejo Sibbel, Ms. Ros Harvey and Mr. Tuomo Poutiainen, were widely recognized and appreciated. In spite of the relatively high rate of turnover, the project has been well managed, with priority setting, programming and implementation of activities remaining sound and well coordinated, and resources adequately and efficiently used. International and local project staff was found competent and the Cambodian staff could be considered as valuable human resources for the project, the ILO and their country.

c.) The team identified a number of significant and recognizable changes in the country as a whole and in the garment sector in particular, that could be considered as major achievements of the project. Each of these developments could be linked, at least in part, to the project's interventions:

- Measurable improvements in conditions of work in participating factories.
- Measurable progress in compliance with Cambodian labour law and international core labour standards (progress in this area is considered the highest in the region) in participating factories.
- Hundreds of thousands of jobs were created from 1999 to present, as result of the decisions by major international brands to source (and to continue sourcing post-MFA) from Cambodian garment factories. The credibility, transparency and independence of the ILO BFC monitoring system and the progress in compliance resulting from the system played an important role in that decision.
- As a consequence, significant resources were remitted back to rural parts of the country, a development that has been recognized as a major contribution to poverty alleviation in Cambodia.
- Project assistance in the preparation and drafting of labour regulations has contributed to resolving critical labour-management problems, such as Prakas 305 on the representativeness of trade unions.

- The Guide to the Cambodian Labour Law for the Garment Industry, published in English, Khmer and Chinese as an easy-to-use booklet, helped factory managers, supervisors, shop stewards, trade union officials, buyers and other interested parties to better understand and address labour law-related issues. This enabled parties to approach this complex subject with confidence.
- As a result of the remediation and training activities, stakeholders and target groups became more knowledgeable and capable of helping factories improve in areas such as workplace cooperation, quality, occupational safety and health, productivity, human resource management and working conditions.
- The capacity of local organizations that were used as service providers for the project was strengthened as a direct result of the assistance received from the ILO during the development and delivery of training materials. They have become better equipped to contribute to the sustainability of project achievements.
- The involvement of major international buyers in supporting project activities and improving working conditions and compliance was encouraged and systematized by project management
- Unprecedented local alliances were built around the project objectives, resulting in multi-donor funding arrangements that have guaranteed the continuation of project activities until January 2009 and have strengthened the prospects for long-term sustainability.
- The project results also had an impact on the work of the ILO globally, through the development of the *Better Work* programme. The experiences, partnerships and lessons learned through BFC have directly influenced *Better Work*, and BFC represents a potentially important laboratory as *Better Work* expands further.
- The World Commission on the Social Dimension of Globalization offered a number of recommendations<sup>1</sup> to achieve a fair globalization. BFC makes an important contribution to realizing the goal of promoting good governance through actions taken within global production systems.

d.) The direct involvement of the ILO in the monitoring system was essential to the early success of the system. It enabled the monitoring system to operate with independence, credibility and transparency, in an environment where the political and socio-economic circumstances of Cambodia made such governance principles difficult to achieve.

e.) The Information Management System (IMS) dramatically increased the effectiveness and impact of monitoring and constitutes a very useful tool for collecting, organizing and reporting timely information from the monitoring visits. In addition, it has proven useful in monitoring the monitoring system itself, with important implications for project performance. Nevertheless, the overall monitoring process, and the IMS system need to be fine-tuned in order to streamline the programme, make the technical platform more user-friendly, and ensure the most efficient use of human and technical resources.

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<sup>1</sup> World Commission on the Social Dimension of Globalization. *A Fair Globalization - Creating Opportunities for All*. (Geneva, ILO). 2004.

f.) The lack of understanding of a number of manufacturers regarding the rationale and added value of BFC constituted an obstacle for the project. This was in part due to the prevalence of monitoring as the main / most visible project activity.

g.) The pilot remediation programme resulted in measurable improvements for the factories involved. Its methodology, modular approach and training materials were seen as useful, although the latter needed to be refined, simplified and better adapted to the country needs / context. The impact of this intensive approach was very limited (seven factories) and cost-intensive (due to reliance on international experts). The tripartite partners were not involved in the programme except for one limited-duration secondment from the Garment Manufacturers Association of Cambodia (GMAC).

h.) While the remediation component, was re-designed and developed with funding provided by the Agence Française de Développement (AFD), it took place during the USDOL project extension, building on the USDOL-funded pilot remediation programme, and as such warrants mention here. The improvements largely followed the recommendations of the review report concerning the pilot programme. The coverage of the programme was extended, new modules were added, other types of training were introduced and new and adapted materials were produced in English, Khmer and Chinese. Measurable improvements in working conditions and industry standards were evidenced in the participating factories by factory improvement plans and specific factory indicators. Whereas USDOL resources could have been spent more efficiently during the pilot phase, subsequent restructuring of the remediation programme addressed these shortcomings, streamlined delivery, and realized considerable savings through building partnerships with local service providers.

i.) However, the gap between the factories covered by the monitoring system and the remediation programme was still considerable, raising questions as to the full implementation of the “improvement cycle strategy” of the project. While it is clear that there will never be 100% take up of the modular training activities on offer, and the project developed a wide range of other options (*inter alia*, single-issue seminars, soap operas, induction kit training, factory-based training, and good practice sheets) in an effort to broaden impact of the training initiatives, there remains considerable scope for reaching larger numbers of factories with the remediation programme. There are obvious human and financial resource implications for expanding participation in the modular trainings and the other training options, which would need to be taken into account as the project moves forward.

j.) Another drawback was GMAC’s public reservations regarding the monitoring system and the delivery of what they called the “legal training”. The evaluation team found that project management is taking the necessary and appropriate action to respond to GMAC’s concerns, and to reassure the public as to the independence and reliability of the monitoring system. Regarding the training, which GMAC linked to increases in illegal strike activity<sup>2</sup>, the evaluation team notes that these comments seemed to be linked to the delivery of the trainings on rights and responsibilities related to carrying out legal strikes, which had been facilitated by the Community Legal Education Centre

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<sup>2</sup> The evaluation team was unable to find a significant linkage between the implementation of the training on the right to strike and an increase in the prevalence of illegal strike activity. While it is true that the vast majority of strikes do not comply with the labour law, it is doubtful that the incidence of illegal strikes can be definitively attributed to project interventions.

(CLEC) as part of the LDRP. This is reflective of a broader problem which arose throughout the evaluation mission, whereby stakeholders confused the interventions of the LDRP and BFC projects. At times, distinct project interventions were attributed generically to the “ILO”.

k.) The evaluation team found that the capacity building of the tripartite partners was partly achieved. A considerable number of specific training activities were carried out between 2003 and 2004 by BFC alone and in collaboration with the Labour Dispute Resolution and ILO/DANIDA workers education projects. Involvement of the tripartite partners in the consultative process, through the Project Advisory Committee (PAC) and the local training reference group also enhanced their capacities and their ownership of the project. The team is of the view that the project underutilized their potential to be more involved in receiving and delivering training or other services. According to the project strategy, this excluded direct participation in the implementation of monitoring activities. The woefully low wages of civil servants and widespread corruption in the country constituted a very serious obstacle to closer collaboration in implementing activities.

l.) The project provided evidence of the remarkable attention paid to women’s particular needs and gender equality. BFC represents an example of best practice for an ILO project addressing gender issues, both looking at women’s issues separately and mainstreaming gender into those interventions not immediately focused on gender. The evaluation team acknowledged these efforts and continued progress in this area is encouraged.

m.) The support received from relevant international brands constituted a critical factor of success for this project, as it was the project management outstanding capacity to attract new donors to secure the sustainability of project activities until the end of 2008 and to prepare it to become an independent entity by January 2009. This perspective will have to face various challenges to succeed, the major of which might be to guarantee the independence, credibility and international reputation once the ILO phases out.

n.) As part of the process to implement the BFC sustainability strategy, with the objective of turning operations over to a locally run institution in 2009, the project has been going through a period of intense self-evaluation. This has involved a full review of the programme, its objectives, methodology and strategies, to determine the best means of action for ensuring sustainability for its interventions in post-MFA Cambodia. While these recent developments were outside of the scope of the evaluation, the team was encouraged by this initiative of project management, which it saw as actively and dynamically engaged in looking to the future, and taking the lessons learned from past experiences to ensure the long-term success of the project. A sustainability strategy paper for BFC beyond January 2009 was under preparation when the evaluation mission took place and it will be discussed with the tripartite partners and key stakeholders of the project.

### **3. Main recommendations**

a.) The Information Management System (IMS) should be fine-tuned in close consultation with monitors and end-users in order to further improve its functionality

and make it more user-friendly. The possibility of shortening the monitoring checklist is also being considered, a process which the evaluation team endorses fully.

b.) Continued efforts should be made by the project to dispel any misunderstandings among manufacturers about BFC monitoring, improving its image and raising awareness about the contribution of BFC to the development of the garment sector in Cambodia and the benefits brought to the factories. The full range of available trainings, as well as good practice sheets and other developmental materials needs to be better promoted among factory owners and management. This is particularly true given the positive response of those factories having been exposed to the remediation component of BFC.

c.) The complexity and sensitivity of the monitoring system call for a renewed attention by project management to strengthening and systematizing monitors' training (both on legal / technical and interpersonal / facilitation skills) and the reinforcement of the monitoring system to enhance internal controls, and prevent any perceived potential flaws and criticisms.

d.) Given the groundbreaking nature of the role played by ILO in BFC, and similar projects, it is recommended that the ILO create a forum for knowledge sharing and in-depth discussion as to the lessons learned from, and implications for such innovative interventions. It is recommended that ILO technical units backstopping similar projects systematize their coordination and share information, experience and materials to better support common learning on the subject. An 'ad hoc' working group could be established with the relevant ILO units in close cooperation with project CTAs. If feasible, a meeting between technical units, CTAs, and other relevant units such as CODEV, would be advisable as a starting point.

e.) There is considerable scope for increased cooperation between the remediation team and the monitors. Their collaboration should be further systematized and enhanced. For example, the monitors should (based on a full understanding of what is on offer through remediation, and bringing copies of the best practice sheets on factory visits) act as "front line" remediation staff, marketing the tools and programmes available through the remediation component. The remediation staff should make better use of monitoring reports and regular consultations with monitors in the development of customized solutions at the factory level.

f.) The project should continue to assist the local training institutions participating in the project to streamline their performance, and, at the same time, actively explore the use of the expertise and capacity (built through previous training activities) of the tripartite partners and factory representatives in order to scale up the coverage of the remediation programme. This would also enhance their commitment to realizing full local ownership and ensuring the prospects for sustainability of the project.

g.) The redesign of the remediation component was discussed with the project stakeholders in a seminar held in 2004, which was unanimously praised during the evaluation exercise, and the modular training programme was further assessed in 2006. It is recommended that the project management examine the performance of the component during this period together with stakeholders, listen to their specific

concerns (some of them are reflected in this report) and discuss the proposals for the future.

#### **4. Some lessons learned**

- a.) The design of the project impacted negatively on project performance, as it hindered the full implementation of the project strategy. Striking the right balance between project objectives, technical and financial resources, timeframe, and the formulation of appropriate performance indicators is essential in any project design. While subsequent project revisions, coupled with increased support from a broad spectrum of donors, increased the likelihood of the project achieving its objectives, careful attention should be paid to this experience in future project formulation and project extension exercises.
- b.) Better Factories Cambodia could be considered as an example of good practice on attracting new donors and local resource mobilization, while simultaneously building local alliances around the project objectives. The participation of the tripartite partners in the multi-donor funding arrangements makes this example even more significant.
- c.) This project also represents an example of good practice for its work with international brands. The support received from relevant international brands has constituted a critical factor in the success of this project. As it is detailed throughout this report, the project management put in place a series of strategic arrangements that worked very effectively to systematize buyers' involvement and support to the project.
- d.) The ILO must be careful to clearly delineate between the limited, time-bound interventions expected from a project, and the broader goals of a Decent Work Country Programme. Particularly when highly visible and effective projects exist in countries which do not have an "official" ILO presence, great care must be taken to ensure that the Office is able to provide the necessary support to ensure the projects' success. For example, *Better Factories* was one element of a programme which created the space for trade union growth, and had more capacity building on running democratic, transparent, independent and effective trade unions taken place early on in the project, some of the problems being currently faced may have been avoided. The problems being faced within the industrial relations system require broad-based intervention by the ILO, and not just by the projects.
- e.) Finally, the evaluation team considers that the project was highly relevant for the country. It achieved a number of major results and is building a solid foundation for future sustainability. However, as Cambodia is just emerging from years of devastating civil strife, and the state, institutions and the social fabric are still very weak, the changes and undeniable impact brought by the project require more time to be fully realized. Many interlocutors believed at least a generation was needed for the country to fully recover and for public and private institutions to function properly. From this perspective, a long-term commitment from all parties is needed to ensure the sustainability of project results. The continued assistance of the ILO would help to guarantee the whole process.

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## FINAL REPORT

### **“Ensuring that working conditions in the textile and apparel sector in Cambodia comply with internationally-recognized core labour standards and the Cambodian labour law project”**

(CMB/00/M50/USA, CMB/02/M51/USA, CMB/00/M51/CMB, CMB/00/M52/CMB)

#### **I. PROJECT BACKGROUND**

1. The “Ensuring that working conditions in the textile and apparel sector in Cambodia comply with internationally-recognized core labour standards and the Cambodian labour law project” was primarily funded by the United States Department of Labor (USDOL) and executed by the International Labour Office (ILO). Promoting democracy and peace by upholding the principles and rights of workers was a fundamental aim of this collaboration. The project was later re-named *Better Factories Cambodia (BFC)*<sup>3</sup>, which is the name used in reference to the project throughout this report.

2. As Cambodia emerged from decades of civil strife and economic difficulties, the garment industry represented an important sector for stimulating economic growth and creating jobs. Therefore, increasing the size of the textile and apparel export market was of critical concern to the Government and the industry as a whole. In January 1999, the Governments of the Kingdom of Cambodia and the United States of America entered into a three year Trade Agreement on textile and apparel. The agreement set an export quota for garments produced in Cambodia for the United States market, while seeking to improve working conditions and respect for basic workers’ rights in Cambodia’s garment sector. It was amended and extended for another three years on December 31, 2001. The amended agreement also allowed for a possible 18% annual increase in Cambodia’s export quotas to the United States, as long as the Kingdom of Cambodia supported “the implementation of a program to improve working conditions in the textile and apparel sector, including internationally recognized core labor standards, through the application of Cambodian labor law.”<sup>4</sup>

3. Following this agreement, the governments of Cambodia and the United States requested ILO technical assistance and the above-mentioned project was formally approved by all parties on 4 May 2000 for a period of three years. At the end of 2004, the Cambodian-US trade agreement expired. However, considerable demand remained for the continuation of monitoring and remediation activities on behalf of producers, workers, and buyers, and as a result, the ILO/USDOL project was extended until the end of 2005. Multi-donor funding arrangements supported an extension of project activities from 2006 to 2008.

4. Project objectives changed slightly with each project extension. Those outlined below correspond to the ILO/USDOL project extension signed on 28 November 2003, which largely corresponds with the evaluation review period..

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<sup>3</sup> ILO, *Better Factories Cambodia, Technical Progress Report ITR-2005*.

<sup>4</sup> Article 10b, US-Cambodia Textile Agreement

Development objective: Ensure that working conditions in the textile and apparel sector of Cambodia comply with internationally recognized core labour standards and the Cambodian labour law.

Project Objective: Increased firm level compliance with Cambodian labour law.

Immediate Objectives:

1. Increased capacity in target firms to implement improvements in line with Cambodian labour law.
2. Increased capacity of worker and employer organizations to implement workplace improvements in target areas of labour law.
3. Increased capacity of labour inspectors to enforce relevant laws and regulations.
4. Monitoring system sustained.

Sub Immediate Objectives:

Monitoring system operational  
Increased social dialogue among tripartite partners  
Labour laws and regulations clarified and promulgated

5. The project objectives mirror the improvement cycle strategy of the project, which combines an independent monitoring system with strengthening the capacity of factories, employers, workers and government officials to implement improvements in working conditions and to ensure compliance with core labour standards and Cambodian labour law (including assistance with legislation).

6. In the project document, the ILO served as the “executing agency”, while the Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation (MOSALVI) was designated as the “implementing agency” and the Garment Manufacturers Association of Cambodia (GMAC) and the Cambodian Trade Union Movement as “cooperating agencies”.

7. This project was designed in conjunction with the Labor Dispute Resolution Project (LDRP). LDRP was also funded by USDOL and executed by the ILO, and aims at improving the labour relations system through the establishment of an effective labour dispute resolution system, considered to be an important factor affecting labour-management relations, productivity and employment in the sector.. The work of both projects has been coordinated in an effort to maximize impact.

8. The project activities started in January 2001 when the Chief Technical Adviser was appointed, although some preliminary work by the ILO began in 2000. The project was scheduled to conclude at the end of December 2003, but it was extended until December 2005 with USDOL funds. Initial funding consisted of a budget of US\$1.4 million; \$1 million provided by USDOL, \$200,000 by the Cambodian Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation (MOSALVY), and \$200,000 by the Garment Manufacturers’ Association (GMAC) of Cambodia. With

the funds provided for the remediation component and the project extension the USA/USDOL funds increased to a total of US\$ 2,675,000 (CMB/00/M50/USA and CMB/02/M51/USA).

9. Additional donors ensured the continuation of project activities until December 2008. Funding for this purpose was received from the Agence Française de Développement (AFC), Asian Development Bank (ADB), Cambodian Confederation of Trade Unions (CCTU), Cambodian Labour Confederation (CLC), GAP Foundation, Garment Manufacturers Association in Cambodia (GMAC), International Buyers, New Zealand's International Aid and Development Agency (NZAID), Royal Government of Cambodia, US Agency for International Development (USAID), and World Bank.

10. The factories registered with the project in the garment sector had an estimate of 279,000 workers at the end of 2005. Approximately 90 per cent of those workers were women from rural areas.

11. The initial implementation phase emphasized the development and consolidation of the independent monitoring system. Once established, a pilot factory remediation programme commenced in 2003 with additional funding provided by USDOL. This programme was redesigned at the end of 2004 after extensive inputs from stakeholders. The Agence Française de Développement (AFD) provided funds for a two-year extension of its activities, and as a result, the remediation component was strengthened and expanded. A major event of this period was the preparation and publication in 2005 of the *Guide to the Cambodian Labour Law for the Garment Industry*, in English, Khmer and Chinese. Another significant accomplishment was the design, negotiation and approval of a project sustainability strategy beyond the USDOL grant, which ensures the continuation of project activities until the end of 2008. Multi-donor funding is earmarked to transform the project into an independent Cambodian organization by January 2009.

## **II. EVALUATION FRAMEWORK**

### **Mid-term Evaluation**

12. A mid-term evaluation was conducted from January 25 – February 1, 2003. The purpose of the mid-term evaluation was to assess the main strengths and weaknesses of implementation of the project, identify lessons learned, highlighting factors contributing to major achievements and obstacles, and to ensure that the project will be able to maximize its impact in meeting its objectives. The evaluation covered the period from the project's inception in January 2001 to the end of January 2003. The report of the mid-term evaluation<sup>5</sup> has been widely used as reference document in the current final evaluation and careful attention has been paid to its lessons learned and recommendations.

### **Purpose of the final evaluation**

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<sup>5</sup> ILO, Ensuring that Working Conditions in the Textile and Apparel Sector in Cambodia Comply with Internationally-recognized Core Labour Standards and the Cambodian Labour Law, *Mid-term Evaluation Report*, Feb. 2003.

13. According to the project document a final evaluation should be held towards the end of the project. The purpose of the final evaluation, as outlined in the evaluation terms of reference (TOR), developed and approved jointly by USDOL and ILO, was to:

- a) Determine if the project has achieved its stated objectives; and explain why or why not;
- b) Assess whether the lessons learned and recommendations of the Mid-term evaluation remain relevant to the project, given developments since early 2003, and the extent to which these were addressed by the project;
- c) Evaluate the long-term benefits / impact accrued to target groups, implementation status, project management and performance monitoring;
- d) Document best practices that could be used as models for activities in other projects;

In addition, the final evaluation should provide the parties involved with the feedback and information needed to assess policies, strategies, data collection methods, objectives, institutional arrangements, work plans, and resource allocation.

### **Scope and Focus Areas**

14. The evaluation covered the period from February 2003 to December 2005. This period commenced immediately after the mid-term evaluation and finished with the end date of the USDOL funded project extension.

15. It is important to note that evaluation also took into account events that occurred between 2001 and 2003, when deemed necessary to provide a comprehensive understanding of the project's context and development. In the same way, the evaluation team examined those project activities from January 2006 to March 2007 believed relevant to the evaluation, such as those related to impact, efficiency of resource use, and sustainability. It is also worth noting that the USDOL project extension maintained a small remaining balance intended to cover, among other issues, evaluation costs.

16. The evaluation emphasized core elements of the project: specifically, the monitoring system, remediation programme, labour laws and regulations, and capacity building of the tripartite partners.

### **Main clients of the evaluation**

17. The main clients of this evaluation are the US Department of Labour (USDOL), the ILO (including Headquarters, Regional and Sub Regional Offices in Bangkok, project staff), Ministry of Labour and Vocational Training, Ministry of Commerce, Garment Manufacturers Association of Cambodia (GMAC) and Cambodian Trade Union Movement.

## **Evaluation Team and Mission Dates**

18. The evaluation team was comprised of an independent evaluator and Team Leader, Mr. Luis Reguera, and an ILO representative, Mr. Christopher Land-Kazlauskas, Social Dialogue Officer, Social Dialogue, Labour Law and Labour Administration Department. In his capacity as Team Leader, Mr. Reguera conducted the evaluation according to the attached terms of reference (TOR).

19. The evaluation mission was carried out in conjunction with the evaluation to the Labour Dispute Resolution Project from 2 – 23 March 2007.

## **Methodology**

20. The current evaluation assessed the following key evaluation issues in line with the terms of reference (TOR):

Relevance and validity of the project strategy, objectives and assumptions; benefits / impact accrued to target groups, with special concern to gender issues; implementation status, specifically as concerns planned activities, materials, schedule and budget; management performance (including efficiency of resource use and management arrangements); effectiveness of project performance monitoring; coordination with other projects and, particularly, with the Labor Dispute Resolution project; implementation of recommendations / lessons learned from mid-term evaluation; and sustainability of project results. A detailed list of specific questions referred to each key evaluation issue can be found in the attached TOR.

21. The methods<sup>6</sup> used by the evaluation team consisted of: (a) a desk review of documentation concerning the project, as well as the industrial relations and working conditions in Cambodia; (b) team planning meetings via conference call with USDOL, ILO Headquarters and Phnom Penh project staff; (c) individual interviews and meetings with ILO staff supporting the project in Geneva and RO/SRO Bangkok; (d) individual interviews and meetings in Phnom Penh with project management and staff, representatives of Government (Ministry of Commerce and Ministry of Labour), workers' and employers' organizations, local implementing partners, US Embassy, donor agencies, international buyers and officials of United Nations Development Programme (UNDP); (e) factory visits, and (f) debriefing.

22. The information and data analyzed in the evaluation exercise were collected mainly through documentation provided by ILO Geneva and some stakeholders, project document, mid-term evaluation and remediation review reports, workplans, progress reports, technical reports and synthesis reports, project files, materials and BFC website, other websites, interviews, meetings and field visits.

23. This final evaluation is consistent with evaluation norms, standards and ethical safeguards contained in the UN Evaluation Norms and Standards and OECD/DAC Evaluation Quality Standards.

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<sup>6</sup> See the attached detailed list of persons met and the programme of all meetings in Phnom Penh

### III. FINDINGS

#### Introduction

24. As a consequence of project extensions, three different formulations of project objectives, outputs and activities were developed. This circumstance added some difficulty to the evaluation exercise. For example, during the year 2005, while the status reports and technical reports submitted to USDOL referred to the objectives set in the project extension document (2004-2005), workplans for the same year followed the sequence of objectives in place for the 2006-2008 transition period. Despite different formulations, some core components – including monitoring system, remediation programme, labour laws and regulations, and capacity building of the tripartite partners – were common throughout the evaluation period. Special focus from the evaluation team, where appropriate, will emphasize these commonalities.

#### Context

25. Cambodia, a small and predominantly rural country of 14.04 million people, is one of the least developed countries in the world. Three decades of civil strife or outright war devastated much of Cambodia's physical, governmental and social infrastructure. As a result, the development challenge remains immense. In 2003, not less than 36 percent of the total population lived below the poverty line of US\$0.46 - \$0.63 per day<sup>7</sup>, with an estimated per capita income of \$300 per year. The country is still struggling to establish full rule of law and the state faces severe resource constraints. In most meetings, widespread corruption was underlined as one of the biggest impediments to Cambodia's current development.<sup>8</sup> Efforts to curtail corruption were also reported as a high priority of the Government.

26. Private sector growth in Cambodia, considered as a crucial factor in job creation and poverty reduction over the past decade, was driven by the export performance of the garment sector. This performance was enhanced by the US-Cambodia Trade Agreement on Textile and Apparel, signed in 1999, as well as by the Multi-Fibre Arrangement (MFA) and its successor, WTO Agreement on Textiles and Clothing (ATC)<sup>9</sup>. The value in exports of the textile industry rose from US\$ 26 million in 1995 to US\$ 2 billion in 2004, constituting nearly 80% of the country exports.<sup>10</sup> Most of the factories' owners are foreigners (China, Taiwan, Hong Kong and Korea).

27. The US-Cambodia Trade Agreement and the MFA / ATC expired on December 31, 2004, thereby ending to the quota system. A number of (mostly smaller) factories closed, but the pattern of job losses and creation was consistent with expectations of

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<sup>7</sup> Royal Government of Cambodia, *National Poverty Reduction Strategy*, February 2003.

<sup>8</sup> "The 2006 Transparency International Corruption Perceptions Index" places Cambodia as the 12<sup>th</sup> most corrupted country in the world.

<sup>9</sup> The Multi-Fibre Arrangement (MFA) was instituted in 1961 under the General Agreement on Tariffs and Trade. In 1995, a phase-out to this system was proposed, the Agreement on Textiles and Clothing (ATC), which lasted until December 31, 2004. Many refer to the "end of the MFA" when speaking about the end of the ATC and the quota system overall.

<sup>10</sup> USAID. *Measuring Competitiveness and Labour Productivity in Cambodia's Garment Industry*. June 2005.

consolidation in the industry in general. The period after the expiration of the MFA also saw an increase in industrial unrest, which included strike action. After the initial months, the performance of the industry post-quota was better than expected<sup>11</sup>. Data showed that the quantity and value of exports to the US increased in 2005 as compared to the same period in 2004<sup>12</sup>. Factories expanded in size, employment grew and wage levels remained steady. In 1998, apparel factories employed about 80,000 workers. By late 2005, apparel employment in garment registered factories stood at 279,000 workers. Of this group, more than 90% were young women, aged 18 to 25, from rural households. Remittances by workers to their families in the countryside have been credited with raising many rural households out of poverty.<sup>13</sup> These jobs made up a major share of scarce formal sector employment and were among the highest paid jobs in the country for low-skilled workers.

28. The institutional structure for improving working conditions in the garment sector was particularly weak in 2003, when the evaluation period commenced. The government labour inspectors and conciliators were insufficient in number, not properly trained and underpaid. Enforcement of standards was absent or slow. Trade unions were seen as splintered and weak, with sparse knowledge of the rights and obligations of occupational safety and health issues. Unions were accused of encouraging illegal strikes. Employers were accused of not knowing or respecting the Labour Code, of abusing their power with workers and of making their own arrangements with authorities to resolve problems. Labour disputes were frequent and settlement was slow. Genuine collective bargaining was almost non-existent. In general, these dynamics undermined many basic concepts underlying sound industrial relations.<sup>14</sup>

### **Relevance, strategic fit and validity of project design**

29. The project's relevance was unanimously recognized by the evaluation team's interlocutors. The project is aligned with the country needs and priorities, UN development policies and frameworks, and the ILO's decent work agenda. Its contribution to poverty eradication through employment creation was widely acknowledged in the interviews. For example, the Garment Manufacturers Association of Cambodia (GMAC), acknowledged the strong benefits generated by the BFC project in supporting the development of Cambodia's garment sector..The Ministry of Labour and Vocational Training (MLVT) ascribed Cambodia's positive international reputation regarding working conditions and the subsequent interest shown in Cambodia's garment industry by international buyers to Better Factories.

30. A majority of persons who met with the mid-term evaluation team in January 2003 confirmed the validity of the objectives and strategy of the original project document. The mid-term evaluation team considered, however, that the immediate objectives were not realistic within the project's timeframe and budget. The final

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<sup>11</sup> The US and EU took safeguard action against some Chinese imports on 27 May and 10 June 2005 respectively. These actions may have had an impact on the performance of Cambodian garment industry.

<sup>12</sup> ILO, BFC, *Final Donor Report*, February 2006.

<sup>13</sup> Sandra Polaski, *Harnessing Global forces to Create Decent Work: A Successful Experiment in the Cambodian Apparel Sector* (Carnegie Endowment for International Peace, November 2006).

<sup>14</sup> ILO, Ensuring that Working Conditions in the Textile and Apparel Sector in Cambodia Comply with Internationally-recognized Core Labour Standards and the Cambodian Labour Law, *Mid-term Evaluation Report*, Feb. 2003.

evaluation team fully supports this assessment. The strategies adopted through the project extensions sought to remedy this situation.

31. The multi-pronged strategy combining monitoring with capacity building and technical assistance with laws and regulations continued to demonstrate its validity during the evaluation period. While most of the efforts and resources were devoted to the monitoring system in the first two years of the project, the ensuing period generated a better balance between monitoring, capacity building and other outputs. After the expiration of quotas, however, the monitoring system became more controversial, as analyzed below.

32. The initial project document did not provide for any indicators of achievement. In March 2003, a Performance Monitoring Plan (PMP) exercise was undertaken and a full set of indicators were drafted following the recommendations of the mid-term evaluation. A relative lack of endorsement by the ILO and donor meant that this tool was not used in the progress reports. However, monitoring progress indicators were incorporated in the pilot remediation programme and in the second and third round of the remediation modular programme. The Information Management System (IMS) reporting, operational since 2006, also includes progress indicators, with special management reports for operations assessment.

## **Focus Areas**

### **A. Monitoring System**

#### **Different opinions on the model**

33. The monitoring system emerged as one of the more groundbreaking initiatives taken by an ILO project in recent years, particularly following the advent of the IMS and growing interest among international buyers. As with any innovation, the system was the subject of considerable debate during the evaluation. Divergent opinions were expressed by the various stakeholders. The system was widely recognized as essential to promoting respect of the labour law, and improving working conditions. At the same time, some interlocutors expressed concerns related to the central ILO role in the process, and the implications it may have on the long-term sustainability of the programme. The conclusions and recommendations on this issue are presented at the end of this report.

#### **Implementation status, effectiveness and impact**

34. The establishment of a monitoring system was the main focus of activities in the initial years, and the system was fully operational and remained at the core of the programme during the period covered by this evaluation. A very intensive and ambitious plan of activities was fully achieved during this period (see Annex 4), with only a limited number of justified delays which were found to be beyond the control of the project. In March 2003, 193 factories were registered with the programme. This figure rose to 214 by March 2004 and 307 by the end of 2005. The cumulative total of monitoring visits between June 30, 2001 and the end of November 2005 follows: 272 first factory visits, 248 first follow-up visits, 156 second follow-up visits, 54 third follow-up visits and 3 fourth follow-up visits. Eleven of the quarterly synthesis reports

were published from 2003 to 2005<sup>15</sup>. Two more of those reports were published in 2006.

35. According to many parties involved in the evaluation exercise, the monitoring system maintained its international reputation as an independent, transparent and credible system, thereby contributing to the highest level of compliance in the region<sup>16</sup> and improved working conditions. Cambodia's competitiveness within the garment sector was also strengthened and many new jobs in the country were created as a result.

36. In terms of cost effectiveness, ILO monitoring costs compared very favorably to private monitoring schemes in the region, primarily due to personnel costs. The ILO monitors are hired locally, at salaries that being attractive by Cambodian standards yet are very economical by international standards. In comparison, the auditors of many private monitoring programmes are paid at international salary levels.

37. In 2004, a number of initiatives were started to better manage the heavy workload and streamline the monitoring process. The monitoring system commenced with eight monitors in 2001 and grew to twelve by the end of 2005, including 33% women.. These initiatives culminated with the development of a new Information Management System (IMS) in English, Khmer and Chinese to allow closer tracking of working conditions, improvements and violations. The IMS, after some technical delays became operational in February 2006. Although IMS is being funded by the Agence Française de Développement (AFD), the concept was developed under the USDOL-funded project. The team found that the effectiveness and impact of monitoring reports increased dramatically with the new system despite the technical problems encountered. While it once took months for a report to reach interested buyers through the manual system, the IMS-generated information is available in 30 days and is simultaneously available to both factories and buyers. In addition, the speed of IMS information improved the number of factory visits and efficiency of reporting.

### **Some challenges**

38. The Minister of Commerce raised the issue of the Prime Minister's statement in the 11<sup>th</sup> Government-Private Sector Forum, explaining that several factories had complained about flawed monitoring reports. He invited the ILO to be vigilant on this matter to maintain the integrity of the process above any suspicion. The Prime Minister's statement was widely disseminated by the media and its impact on the project was felt during the evaluation exercise.

39. The representatives of GMAC and the Cambodian Federation of Employers and Business Associations (CAMFEBA) expressed concern with regard to the ILO's ongoing monitoring role amongst manufacturers, in particular following the expiration of quotas: "Every factory says ILO comes to disturb us". According to the manufacturers, some monitors appeared biased towards workers, showed a lack of flexibility and come to factories to police. For GMAC the monitoring should be

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<sup>15</sup> ILO, Better Factories Cambodia, *Final Donor Report*, February 2006.

<sup>16</sup> Foreign Investment Advisory Service (World Bank Group), *Cambodia: Corporate Social Responsibility & the Apparel Sector Buyer Survey Results*, Washington, December 2004.

voluntary for factories, and factory managers should be allowed to discuss the draft reports before they are posted on IMS.<sup>17</sup>

40. Both the Government (Minister of Commerce) and the employers suggested that Better Factories increase its efforts to monitor illegal union activity. While the project already reports on illegal strikes and other limited union behaviour in both the individual factory reports and the public synthesis reports, project management has in the past invited more concrete proposals on this matter. Caution should be exercised in considering any such proposals, to ensure that they do not constitute a violation of freedom of association.

41. The trade unions supported the monitoring, but they were very concerned with the fact that the subcontractors were not registered with BFC and, as a result, their level of compliance was significantly lower.<sup>18</sup> Some trade union representatives referred to cases where the factories seemed to have been alerted to the monitoring visit in advance and were thus able to prepare accordingly. Project management had investigated one such allegation, and determined that the “clustering” of monitoring visits in the provinces could potentially allow for some level of preparation among those factories visited later in the process. This perception may also be due to confusion between visits by the remediation team (which would require some preparation) and monitoring visits. Random interviews of workers off the job-site are intended to control for any preparation that could have taken place.

42. While the evaluation team personally witnessed the lengths to which the monitors go to elicit the independent views of workers (via brief individual and group interviews outside of the factory during the lunch break) and their representatives (through an in-depth meeting with union officials, apart from factory managers) during the monitoring visit, some union officials felt that trade union representatives at factory level were not sufficiently involved in the monitoring process and that, sometimes, the synthesis reports painted a better picture than what happened in reality. The evaluation team believes that, largely due to the time constraints, the lunchtime interviews could be limited as a means of eliciting worker input, particularly in larger factories. However, it was noted that in the event that monitors did not feel that they were able to get the required information during the lunch break, they were able to go back to meet workers after their shifts ended, in their homes.

43. The team found noted that the monitors made little use of the tablet PCs which were intended to facilitate the implementation of the monitoring checklist. The main complaints with respect to the system indicated that the IMS system was designed more with the *output* (reports) in mind, as opposed to *input* (checklist), leading many

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<sup>17</sup> A meeting held between the project management and GMAC during the evaluation mission seems to have found a solution to this issue.

<sup>18</sup> The project did not monitor subcontractors due to the lack of an official requirement for those companies not producing for the export market to register with the Ministry of Commerce. BFC supported IFC-MPDF on a study to map the subcontractors. The collection of information proved to be quite difficult due to the reluctance of various actors involved to provide the data. An estimate of between 2 – 300 subcontractors, employing less than 20,000 workers was provided to the evaluation team. The monitoring of subcontractors by the project would have required additional/different skills and resources due to the variety of their business (laundry, embroidery, etc.). While stakeholders stated that there was a need to understand the subcontracting issues, not a lot has been done to actually address it at country level.

monitors to rely on pencil and paper. While the system was developed through a very consultative process, with both the monitors and project stakeholders, the functional interface, which was truly one-of-its-kind, suffered due to the lack of a clear understanding of what was needed. There is considerable scope to improve the functionality of the system and to make it more user-friendly. This could be done as part of a broader review of the system, including, if possible, updating and shortening the monitoring reports and the checklist (46 pages with 156 questions, excluding sub-questions). Inputs from the monitors should be sought as part of an ongoing process of improving the system.

44. The factory visit, where the evaluators accompanied two monitors in a follow up visit gave the evaluators the occasion to ascertain the complexity, sensitiveness and exposure associated with monitoring. Good knowledge and understanding of international labour standards, national labour law and regulations, Arbitration Council awards, monitoring procedures, drafting and reporting techniques, computer skills, interviewing, facilitation and communication skills to deal with the various actors involved (managers from different nationalities, union representatives and workers from rural extraction) are some of the requirements attached to the monitors' job. In this respect, the team found that training for monitors was a subject of some concern. Both induction and in-service training became more structured and systematized after 2004. Monitors now have the opportunity to participate in a number of *ad hoc* and in-service training activities and some have been able to participate in study tours. However, several of the recently recruited monitors indicated to the evaluator that they would welcome more training opportunities. Trainings which target timely issues such as recent Arbitration Council awards, and build "soft skills" associated with interpersonal communications and facilitation, would be particularly relevant.

45. The 2004 evaluation report highlighted that the monitoring and remediation units operated independently without significant collaboration. Despite some progress made in this area, this continues to be seen as an area for future growth..

## **B. Remediation Programme**

### **1. Pilot Remediation Programme and its Review Report**

46. The United State Department of Labor (USDOL) agreed to provide supplemental funding for the project in order to undertake a pilot remediation programme for 2003-2004. This component aimed at "building local capacity to provide local suppliers assistance in addressing shortcomings determined to exist in their labour practices."<sup>19</sup> The assistance to factories was intended to provide an alternative for the activities set out in the original project document for the individual enterprises (output 3.1). The remediation pilot involved intensive training of representatives from 7 factories by an international expert in 5 priority areas (modules): quality, social dialogue, occupational safety and health, productivity and human resources management. The training was followed by factory visits by the expert and the development of factory action plans, which included an average of over 70

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<sup>19</sup> ILO/ USA Declaration Project in Cambodia, *Extension Document of Project CMB/00/M50/USA*, Garment Sector Working Conditions Improvement Project, Sep. 2002

improvements in the five technical areas. The ILO remediation team regularly followed up on the implementation of the action plans.

47. A review mission conducted from 27 April to 10 May 2004 assessed the pilot programme.<sup>20</sup> This review played a critical role in the determination of the future direction of the remediation component. The evaluation team fully endorses the assessment reflected in the review report. Given the importance and ongoing relevance of this review, the main conclusions and recommendations are summarized below:

*i) continuation of the remediation programme:* As an essential part of the improvement cycle strategy of the garment sector project, the programme should be refocused to ensure greater coverage and impact, increased local capacity and sustainability;

*ii) role of the remediation programme within the Garment Sector Project:* The programme should more directly complement monitoring activities, developing practical solutions for problems identified through monitoring.

*iii) sustainability:* Remediation should result in factories continually improving their working conditions and working environment even after external inputs have ceased.

*iv) target groups:* The remediation programme should begin to target organizations that can achieve a wider impact: selected training institutions as well as the tripartite partner organizations.

*v) remediation methodology:* The methodology needs to be refined and adapted to build on the positive results, reach more factories, incorporate social dialogue and gender equality, be more cost effective and ensure sustainability.

*vi) subject matter coverage and its organization:* The modular approach should be continued, though some materials need to be simplified, adapted to the Cambodian context, and better coordinated, so they can form a more coherent package.

*vii) delivery mechanisms:* It is essential to develop the technical capacity to deliver remediation services of a local organization or organizations, with a reasonable proportion of those delivering the services are women.

*viii) role of the social partners and MOSALVY:* The tripartite constituents should be involved in the follow-up, with the aim of building local ownership and sustainability of the programme, ensuring that it responds to their concerns and enlisting their support for it with their respective constituents.

*ix) role of the brands:* The support of the brands should be actively sought, to

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<sup>20</sup> S. Olney and W. Salter, *Cambodia Garment Sector Project: Future direction of the remediation component, Review team report, 2004*

ensure maximum participation and improvement action by factories.

x) *funding*: Funding sources should be explored to expand the remediation component for two years, and in the absence of resources, priority given to enhancing local capacity to ensure ongoing knowledge and experience transfer.

xi) *exchange of experiences*: A systematic sharing of information should be organized among ILO projects and departments implementing similar programmes.

## **2. Extension of the Remediation Programme**

48. The remediation programme was re-designed in 2004 in response to the recommendations made in the review, in consultation with GMAC, unions, relevant NGOs, and buyers. Local training partners were selected for the delivery of the programme and two reference groups were established to support it: a local training reference group and an electronic buyers' remediation training reference group.

49. The USDOL-funded pilot remediation programme was very instrumental in enabling the project to explore other funding sources in order to expand the programme and guarantee its continuation. As a result, the remediation training programme was extended in 2005. Strengthening the link between improved working conditions and improved quality and productivity was one main focus of the re-designed programme, which included the following training initiatives:

- Modular training (ADF funding) based on the pilot programme funded by USDOL and review outcomes, including seven training modules<sup>21</sup>, factory visits and Factory Improvement Plans (FIPs) with key indicators to measure progress. A factory participation fee of US\$ 2500 was established.
- Single issue seminars (AFD funding) based on key needs within the industry.
- Development of induction training kit and training of trainers for factory human resource managers (Asian Development Bank funding)
- Provision of factory-based training "At the Factory Gates" targeted to workers with low literacy using soap operas and comic books (GAP Foundation and USAID funding).

Joint union and management Performance Improvement Consultative Committees (PICC) were established in each participating factory with the assistance of the Better Factories Cambodia (BFC) training unit.

### **Implementation status and materials**

50. The examination of work plans, progress reports and technical reports showed a very high level of achievement of outputs and activities related to the remediation component during the reporting period. This information was confirmed in interviews

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<sup>21</sup> The seven modules were: (1) The global context, (2) Workplace cooperation, (3) Quality, (4) Occupational Safety and health, (5) Productivity, (6) Human resource management and working conditions, and (7) continuous improvement.

with project staff and other interlocutors. Some of the main activities taking place from 2003-2005 (though not entirely through USDOL funding) and which should be highlighted include:

- a Training Design Seminar for social partners and NGOs was held;
- 20 factories participated in the modular training programme;
- 6 single issue seminars were implemented, and
- 2 videos were produced for factory based training.

In 2006:

- 12 factories completed the 3<sup>rd</sup> round of the multi modular training programme with a women's participation of 51%;
- 12 Performance Improvement Consultative Committees (PICC) were established;
- 8 single-issue seminars were held;
- 5 Induction Kit training of trainers for factory human resource managers were conducted, with a participation of 87 exporting garment factories' representatives;
- Factory based training, based on the soap opera series "At Factory Gates" was piloted in 3 factories, with an estimated attendance of 3750 workers, and
- 4 new episodes of the soap opera were conceptualized, written and produced.

51. Following the recommendations of the review report, the project made a remarkable effort to produce new materials and to adapt the existing materials to the Cambodian context. Examples of these products were the training programme promotional brochure and videos, SRP (socially responsible production) manual in English, Khmer and Chinese, training kits for the modules, 28 "good practices sheets" documenting some of the outcomes of the pilot programme produced and published in Khmer, English and Chinese in 2005 and posted on the *Better Factories Cambodia* website, induction training kit, soap opera videos, comic books, etc. During one of the two factory visits, the evaluation team noted the presence of several BFC-produced posters displayed in a prominent position on the factory bulletin board, in Khmer. As a whole, the materials produced or adapted under the responsibility of the training team constituted an important achievement of the project.

### **Effectiveness and impact**

52. Measurable improvements in working conditions and industry standards in the participating factories were monitored through the factory improvement plans and factory indicators. Internal evaluations showed reasonable levels of effectiveness in achieving the training objectives and customer satisfaction. On average, both managers and worker representatives rated the modular training programme in 2005 with a 7.8 on a scale from 1 to 10. Eleven out of twelve managers participating in the programme stated that they would recommend the programme to other factories as they found it very useful<sup>22</sup>. According to some managers, the benefits coming from the remediation

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<sup>22</sup> M. den Uijl, BFC, *Evaluating the ILO Better Factories Cambodia Modular Training Program (Draft)*, 2006.

programme have also helped improve the image that participating factories had of BFC and the ILO, which had been previously based only in the monitoring.

53. The increasing involvement of buyers in the programme and the establishment of an electronic buyers' remediation training reference group contributed effectively to the positive results achieved by the programme. Some buyers were very instrumental in the participation of factories in the remediation training as well as in the implementation of the factory improvement plans.

### **Some concerns and challenges**

54. Nevertheless, the level of satisfaction with the remediation component was not uniform. GMAC /CAMFEBA, while pleased with the consultative process and its results in the re-design of the modular programme, the development of the Labour Law Guide and the soap operas, contended that there was a close link between what they called the "legal training" carried out by the project and a subsequent increase in strikes. GMAC had been very vocal about this concern and a number of interlocutors, including some development agencies and donors who echoed this sentiment during the interviews. Their main objection referred to the delivery of the training, rather than to the content or the materials. However, the training on labour law was contracted to the Community Legal Education Centre (CLEC) by the Labour Dispute Resolution Project. This is reflective of a broader problem which arose throughout the evaluation mission, whereby stakeholders confused the interventions of the LDRP and BFC projects. At times, distinct project interventions were attributed generically to the "ILO".

55. For the trade unions, the training facilitated a better knowledge of the law and an increased awareness of labour rights, but strikes as such were due to many different factors, including wrongdoing of the managers, unfair dismissal of union leaders, cheating on wages, and non-implementation of Arbitration Council decisions.. In their view, the ILO training focused on settling disputes through dialogue and on following the correct legal procedures.

56. Trade unions were satisfied with the consultation process and the training in general and they encouraged the use of the materials at the factory level. Nevertheless union officials felt the training should reinforce and focus more on building the capacity of the parties. One union found that one soap opera episode was not particularly well-balanced and that it focused on mistakes and wrongdoing mainly on the part of the unions. The lack of a transportation allowance was also identified as a problem for those individuals wanting to participate in the trainings.

57. Apart from the concerns expressed by the social partners, the team noted some weaknesses related to the remediation component. The first related to the limited coverage of remediation as compared to monitoring. With the current structure of the programme and the available financial and human resources, it would be unrealistic to expect the remediation programme to reach all the factories registered with BFC. Despite the intensity of the programme, this gap is still very relevant, and as a result the improvement cycle strategy of the project remains incomplete. This may reflect negatively on the ILO and BFC image amongst those factories whose participation in the project has been limited to the monitoring component. The project management has planned two new elements for the remediation component that will contribute to

correcting this situation: First, the “fast track remediation service” will provide immediate analysis and recommendations for action in areas of non-compliance. Linked to this is a proposed new function whereby BFC will act as a “clearinghouse” for referring factories to other appropriate training service providers.

58. The remediation programme, has worked rather independently from the monitoring for the most part, as both the monitors and the training unit acknowledged during the evaluation interviews. This situation has not helped to accelerate the development of practical solutions to remedy the types of problems faced by factories and identified through the monitoring as recommended in the review report.

59. The limited impact of the modules on social dialogue and productivity was a challenge. 71% of the suggestions of the factory improvement plans regarding the module on social dialogue and 82% of the suggestions regarding the module on productivity were not implemented under the pilot remediation programme. Although caution should be taken due to differences in measurement used in the different evaluations, the concern with regard to the impact of the module on productivity continued with the extension of the remediation component in 2005, in particular with the productivity recommendations. However, progress was noted with respect to the workplace cooperation module, with both managers and worker representatives ranking the module second (of the seven total modules) in terms of usefulness and changes produced in the factories<sup>23</sup>.

### **C. Labour laws and regulations**

#### **Background**

60. In the original project document, the drafting of “implementing laws and regulations” fell under immediate objective 2, output 2.1, while the establishment of the monitoring system constituted immediate objective 1. With the extension of the project funded by USDOL, the revised project matrix included the clarification and promulgation of labour laws and regulations as a sub-immediate objective of immediate objective 4, dealing with the monitoring system. In February 2003, the mid-term evaluation found that the output 2.1 had been partly achieved.

#### **Implementation status, effectiveness and impact**

61. The activities and outputs achieved by BFC project on this issue during the evaluation period were remarkable, taking into account the external constraints. The project maintained a permanent record of those areas of the law which required clarification and provided advice to the Labour Advisory Committee in the Ministry of Labour and Vocational Training (MOLVT). It was involved in drafting ‘Prakas’ (ministerial declarations), regulations and clarifications in key labour legislation areas, such as strikes, casual workers, use of contracts of a defined duration, level of piece-rate wages, ventilation, heat and noise levels and night work. The project produced a technical paper for the labour law review and actively participated in and supported this

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<sup>23</sup> M. den Uijl, BFC, *Evaluating the ILO Better Factories Cambodia Modular Training Program (Draft)*, 2006.

review exercise throughout 2005-2006.<sup>24</sup> In addition, the project is currently participating in the 8<sup>th</sup> Working Group on Industrial Relations under the Prime Minister.

62. For the team, one of the major accomplishments of the project was the *Guide to the Cambodian Labour Law for the Garment Industry*. The Guide was completed after broad consultations and negotiation with the social partners and the MOLVT in 2004 and was published in English, Khmer and Chinese in 2005. The Guide covers all major areas of Cambodian labour law, derived from the Labour Code itself, regulations of the Royal Government, international labour standards ratified by Cambodia, and the Cambodian Constitution. The strategic decision for the Guide to take into account the Arbitration Council awards and its interpretation of the laws is recognized by the evaluation team as an extremely important development. It integrates these sources into one easy-to-use booklet, explained in plain language for the use of business owners, employers, unions, NGOs and employees.

63. All parties praised the Guide as a very effective tool, with a direct positive impact in addressing complex legal issues. The evaluation team was particularly struck by how ubiquitous the Labour Law Guide was. Almost every interlocutor had their own copy of the guide, and could point to an instance where they *used* it. Furthermore, while some parties did not agree with every interpretation included in the book, the fact that it had been developed through a long and challenging negotiation process, with all parties eventually “signing off” on the final version, meant that it was a tool that all parties could live with.

64. A Survey of women workers on maternity leave, childcare, breast feeding and sexual harassment was carried out in 2005 – 2006, in close cooperation with the World Bank, CARE International and the United Nations Development Fund for Women (UNIFEM)<sup>25</sup>. This product was very relevant for the garment sector and for the country, taking into account the important issues covered by the survey and the fact that more than 90% of workers in this sector are women. The survey constitutes a valuable instrument to orient future action in the sector.

### **Some challenges**

65. As was previously stated, the initial labour law review exercise – in which the project, and the ILO had invested considerable technical and financial resources – was suspended by the Government. It is unclear for the evaluation team whether the ongoing activities of the 8<sup>th</sup> Working Group on Industrial Relations, under the chairmanship of the Prime Minister, will achieve the anticipated results.

## **D. Capacity building of tripartite partners**

### **Background**

66. Objective 3 of the project document aimed at building the capacity at three levels: factory level (output 3.1), Ministry of Labour officials (output 3.2) and social

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<sup>24</sup> The project’s activities in relation to the labour law reform process were funded by NZAID, as part of the package which supported the Arbitration Council. The labour law reform process has been indefinitely suspended.

<sup>25</sup> ILO Better Factories Cambodia, *Cambodia: Women at Work in the Garment Industry*, February 2007

partners (GMAC and trade unions) (output 3.3). Within the USDOL project extension document (2004 – 2005) the capacity building fell under immediate objective 1 (increased capacity in target firms), immediate objective 2 (increased capacity of worker and employer organizations) and immediate objective 3 (increased capacity of labour inspectors). The team already addressed capacity building at the factory level in its review of the remediation programme.

### **Capacity building of social partners (GMAC and trade unions)**

67. As of the mid-term evaluation, certain activities had not yet been completed. The activities for the employers (GMAC) were expected to be addressed primarily by the pilot remediation programme, while the trade union representatives would be trained in collaboration with ILO/DANIDA project on workers' education.

68. During the evaluation period (2003-2005), the project carried out the design and implementation of an OSH training programme for union educators in collaboration with ILO Workers' Education project and the Asian Workers Occupational, Safety and Health and Environment Institute (OHSEI). This programme also included a number of workshops for factory level worker representatives conducted by union educators, which aided in the development of useful products such as a manual on OSH produced in English, Khmer and Chinese, an OSH strategy, and an OSH training kit and seminar materials.

69. Throughout the transition period (2006-2008), the training has focused primarily on the factory level, within the remediation component.

70. The team found that the training of trainers programme for trade union educators was an effective and positive experience as well as a good example of collaboration with other ILO projects and regional institutions. The subsequent workshops conducted by union educators for factory level worker representatives were in line with the project strategy. Unfortunately, the team has not found evidence of this experience being systematized or and scaled up in order to to ensure a wider impact.

71. At one point, GMAC had seconded one of its staff to work on the pilot remediation programme. While this was intended to lead to increased capacity within GMAC on the issues addressed through remediation, the departure of the seconded official from GMAC and from Cambodia in 2005 calls into question the sustainability of such an approach. The evaluation team is thus of the view that this strategy was overly optimistic and based on risky assumptions. This example of a "tokenistic" approach to stakeholder involvement in the project should represent an important lesson for any ILO project seeking to increase stakeholder involvement. The involvement of stakeholders was addressed through the establishment of a local training reference group, and through the project's efforts to engage the constituents more in the design of tools and materials.

### **Capacity building for the Ministry of Labour and Vocational Training (MOLVT)**

72. A number of activities undertaken between 2003 and 2005 should be underlined for their effectiveness. These include:

- Training for conciliators on labour dispute resolution techniques, in conjunction with the Labour Dispute Resolution project;
- Training for labour inspectors and ILO monitors on OSH;
- Involvement of labour inspectors in specific monitoring activities, focusing particular attention on monitoring for cases of child labour, and
- Development of an accredited certificate in Occupational Health for Enterprise Physicians (COHEP) in collaboration with the MOLVT

In 2006, an assessment of MOLVT's capacity to access and utilize the IMS public synthesis reports was carried out, as was an IMS information seminar designed for ministry officials

73. Ministry officials expressed general satisfaction with the quality of the BFC training delivered by international experts but also voiced some reservations regarding the training delivered by certain local consultants, however they did not specify whether these trainings were carried out by Better Factories or the LDRP. They felt that more training was needed at the Ministry, mainly for new officials serving in provinces. It was also suggested that some conciliators and inspectors at the central level, given their level of expertise and experience, could have served as resource persons and as trainers had they been asked to do so.

74. The low wages of civil servants fuels, among other factors, the endemic corruption in the public sector. The average monthly wage of a civil servant is estimated at US \$28, as compared with a minimum wage of US \$50 and an average monthly wage of US \$72 in the garment sector. The long term success of any capacity building measures targeted to the MOLVT must be accompanied by significant public sector reform in order to redress this situation and promote public services of the highest quality and to reinforce the principles of transparency and good governance in the public administration. This was a very serious challenge facing not only capacity building activities but the overall role assigned to the Ministry of Labour as a project partner.

### **Other issues related to capacity building of tripartite partners**

75. Beyond the specific trainings provided, the participation of MOLVT and the social partners in the consultative process of the project constituted an effective tool to enhance the capacity of the tripartite partners. Participation in the PAC, as well as their active involvement in the redesign of the remediation component, the development of the *Guide to the Cambodian Labour Law for the Garment Sector* and other project materials, the local training reference group, the review process of the Cambodian labour law, and the development of an industry wide training strategy represent noteworthy contributions.

76. The team is of the view though that the project underutilized the potential of the tripartite partners to be more involved in the project implementation process, as was

foreseen in the project strategy<sup>26</sup> and recommended by the review report and the mid-term evaluation, in order to achieve wider impact, build local ownership and enhance the long term sustainability prospects. It had been foreseen that the factory-based training “At Factory Gates” would be delivered by tripartite training teams (with representatives of unions, employers and MOLVT), however, such tripartite participation did not materialize. By not being more fully involved in the project implementation phase, the team echoes the sentiment of the review report and mid-term evaluation in its belief that a potential opportunity to widen the project’s impact, build local ownership and enhance long-term sustainability was missed.

77. In conclusion, the team has concluded that the BFC project has partly achieved the results expected with regard to the capacity building of the social partners and the MOLVT.

### **Gender issues**

78. Women were defined as a target group in the original project document: “As 90% of the workers in the textile and apparel industry are women, their needs as a target group under the project will be specifically highlighted. The project will place particular emphasis on the enforcement and application of Labour Code’s provisions concerning women workers and various project activities will concentrate on their particular needs.” (para. 30)

79. Many elements of the project clearly demonstrated an effort to address gender issues, and in particular women’s specific needs. These included, *inter alia*:

- The mid-term evaluation pointed to the fact that all monitors in the project were men. By the end of 2005, women represented 33% of the monitors.
- No fewer than 18 items from the monitoring questionnaire referred to compliance with those provisions of the Labour Code which concerned women workers.
- The monitoring system has also reported on some cases of discrimination concerning the recruitment of men.
- Generally, all the data generated by the project are disaggregated by sex.
- A sustained progression in the number of women participating in training activities occurred: 30% of women in may 2005, 37% in November 2005, and 51% in the year 2006.
- Some materials produced by the project were oriented to ward issues faced by women workers.
- One of the last four episodes of soap operas produced for the factory-based training “At Factory Gates” deals with women’s particular needs of maternity leave and breast feeding.

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<sup>26</sup> In the project document signed by the parties the Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation (MOSALVY) appeared as “Implementing Agency” and GMAC and the Cambodian Trade Union Movement as “Cooperating Agencies” of the project.

- More generally, as the storyline of the soap opera is told from the perspective of a woman working in the garment sector, gender issues are treated throughout the series.
- Approximately 50% of BFC staff are women, there is a gender focal point for the project, and a gender strategy has been developed for the whole project.
- Finally, BFC produced in 2005-2006 the survey “*Cambodia: Women and Work in the Garment Industry*” in English and Khmer. The survey provides detailed information on critical issues concerning women workers including health and nutrition, breast feeding and childcare, personal security, harassment and workplace relations.

### **Linkages to other projects**

80. As previously mentioned, a close link exists between this project and the Labour Dispute Resolution project (LDRP). The projects were designed together, many of their objectives, outputs and activities are mutually reinforcing, and coordination between the projects has been very strong. Some examples of effective collaboration include:

- The monitors systematically made use of arbitral awards from the Arbitration Council, which is an output of the Labour Dispute Resolution project, to monitor factory compliance..
- Training programmes for MOLVT officials were developed and implemented jointly, and funding of the training materials was shared by the two projects.
- The two projects shared technical expertise in the area of labour law
- Both projects were involved in the funding and the review process of Cambodian Labour Law.
- Materials developed by the Labour Dispute Resolution project were used by BFC in the social dialogue module of the remediation pilot programme.
- The first two episodes of Factory-based training “At the Factory Gates” which focused on grievance handling, dispute resolution and illegal strikes were delivered in conjunction with the LDRP.

81. As detailed earlier, the ILO/DANIDA project on workers’ education assisted with the training of trainers programme (including the development of related products) on occupational safety and health for trade unions foreseen under the BFC project. The ILO/DANIDA national project coordinator frequently provided advice and facilitated project contacts with the unions.

82. In the same way, the team also found that both the BFC and USDOL/ILO project on eliminating child labour (IPEC) cooperated in several priority areas, such as monitoring for minimum age compliance, producing draft guidelines on age verification and analysis of the ratified the Worst Forms of Child Labour Convention, 1999 (No. 182).

83. The collaboration between these ILO projects resulted in a more efficient and effective use of the projects’ financial and technical resources and greater accrued benefits for the target groups.

84. Apart from other ILO projects, collaboration with the USAID funded project on Garment Industry Productivity Center (GIPC) occurred on several issues, such as the

development of an industry-wide training strategy for Cambodia's garment sector together with other stakeholders. Taking into account that both projects are operating within the same sector, the team found that there was some scope for building a stronger strategic alliance to share expertise and means of action which would enhance the impact of both projects.

## **Effectiveness of management arrangements**

### Project Management

85. The project has had three successive Chief Technical Advisers (CTAs): Mr. Lejo Sibbel, until 1 March 2004 (resigned from the programme), Ms. Ros Harvey, until 14 August 2006 (moved to ILO Headquarters), and Mr. Tuomo Poutiainen, who is the current CTA. The management abilities of the three CTAs were widely recognized and appreciated according to the information provided to the team by many interlocutors. Mr. Sibbel's primary focus was implementing the independent monitoring system, and then consolidating the system and putting in place the remediation component. Ms. Harvey focused on ensuring sustainability through multi-donors funding arrangements, an automated Information Management System (IMS), and the redesign and extension of the remediation component of the project. Finally, Mr. Poutiainen's primary function has been to ensure ongoing improvements and to facilitate the planned transition to an independent Cambodian organization by January 2009.

86. The evaluation team examined the work plans, budgets and reports and found that priority setting, programming and implementation of activities were sound and well coordinated. The team found that the CTAs had maintained good relations with the stakeholders and the target groups under difficult circumstances and had done an effective job in public relations. The office was well organized and project staff were professional and committed to the project, its stakeholders and the ILO. The systematized and transparent approach taken to human resource management is also to be commended. Staff policies and procedures were consolidated into a concise and user-friendly manual. Processes such as recruitment and selection (called the "Staff Merit Selection Process" by the project) and accessing staff development funds were clear and equitable. Implementing a rigorous, fair and transparent system of Human Resources Management was of extreme importance to ensure the highest standards of ethics and integrity among staff, in particular given the culture of corruption and cronyism that currently pervades much of Cambodian society.

### Support and understanding from key stakeholders

87. An initial sign of stakeholder commitment and support was evidenced by the financial contributions to the project from both the Government and GMAC. During the evaluation, the Government – represented by both the MOLVT and the Minister of Commerce – reiterated its firm political support and commitment to the project. The Minister of Commerce was particularly vocal in stressing the necessity of the ILO independent monitoring system, in order to ensure international credibility in the system. He informed the team of a number of concrete steps undertaken by his Ministry, and by the Royal Government of Cambodia, to ensure the ongoing sustainability of the project, including the issuance of a 'Prakas' requiring all exporting factories to register with the project.

88. On the part of the employers, GMAC / CAMFEBA's support to the project has been largely tied to export prospects. While the quota system was in place this link was clear and their support was unambiguous. This commitment included the secondment of one GMAC staff member to work on the pilot remediation programme. However, once the quotas expired, GMAC's position became more nuanced and the organization was, at times, quite critical of the project. While their commitment to the project continued, and they remained fully engaged, they required a clearer demonstration of the value of the project in the new context. Further, they offered a number of suggestions and raised several concerns related to monitoring and remediation training which they were keen for the project to address. It was noted during the evaluation that while not all issues had been addressed, GMAC felt that project management was extremely open and willing to consider their suggestions and accommodate their interests to the extent possible. As for the manufacturers themselves, it was suggested that intensified awareness-raising efforts were needed to improve understanding and acceptance of the Better Factories project overall, as well as its monitoring role at the factory level. This concern was being addressed by the project at the time of the evaluation.

89. Finally, the trade unions expressed their solid support to the project and acknowledged the benefits obtained from it, while manifesting at the same time a number of concerns about concrete aspects of the implementation process, which have already been the subject of comment in this report.

#### Project Advisory Committee

90. A Project Advisory Committee (PAC) was established in accordance with the project document. It is composed of nine members, three each from Government, the employers and workers, plus alternates. The donor Government (USA) attends as an observer. The PAC has met regularly and has served as an effective means to inform and consult the stakeholders on the project plans and activities. The PAC has been consulted on, and has endorsed all major project initiatives, such as the establishment of the Information Management System (IMS), the extension and redesign of the remediation component, the Guide to the Cambodian Labour Law for the Garment Industry, as well as the multi-donor funding arrangement planned for the transition period. The synthesis reports are also systematically reviewed by the PAC, which greatly contributes to the credibility of the monitoring system. Several union officials noted that the synthesis reports often cover factories where unions represented on the PAC are not present, making it very difficult for those unions present in the PAC to comment effectively. They suggested that either the number of trade unions representatives in the PAC be increased or the synthesis reports be shared more widely.<sup>27</sup>

91. Unfortunately, the evaluators could not meet with the PAC, although some PAC representatives participated in the evaluation interviews. For the team, the PAC has constituted an effective means of communication between the project team and the stakeholders. The functioning of the PAC has been critical for enhancing the

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<sup>27</sup> In fact, the unions expressed a willingness to consult with and consolidate the comments and observations on the Synthesis Report from those unions who are not represented on the PAC, though they lacked the resources to reproduce and disseminate the draft report themselves.

understanding, commitment and ownership of the project on the part of the tripartite national partners.

#### Local Organizations as Service Providers

92. Following the recommendations of the mid-term evaluation and the review report, the project management identified several local organizations and associated them with the execution of project outputs. Among them, VBNK<sup>28</sup> participated in the implementation of the modular training and the production or adaptation of several training materials; the Community Legal Education Centre (CLEC) participated in the delivery of the the Induction Kit, as well as in the preparation of the Guide to the Cambodian Law for the Garment Industry; the Cambodian Red Cross conducted two rounds of First Aid Training for factory workers with first aid responsibilities; and the local representation of IFC Mekong Private Sector Development Facility (IFC/MPDF) facilitated the development and implementation of the transition strategy. In any case, the team found that the use of local service providers was beneficial for BFC and that the capacity of these organizations was strengthened in the delivery process. Their involvement in the project represented an important element in ensuring long-term sustainability and local ownership, once the ILO phases out.

#### Support of International Brands

93. Support received from a number of important international buyers has been an essential factor in the success of the project. This was especially true following the expiration of the quota system at the end of 2004. International public opinion of international brands, combined with the credibility, independence and transparency of the ILO monitoring system, among other factors, encouraged many brands to support the BFC project and to maintain or increase their sourcing from Cambodia.

94. Four strategic management arrangements were put in place by the project in order to systematize buyers' involvement and support:

(a) The automated Information Management System (IMS) which facilitates secure online access to more timely monitoring reports about working conditions and compliance of factories involved. In June 2006, nine<sup>29</sup> major international buyers were relying exclusively on ILO monitoring reports, effectively ending their own monitoring arrangements.

(b) The establishment of an electronic buyers' remediation training reference group. Buyers' support has been very effective in encouraging the factories to participate in the remediation training and to implement the factory improvement plans.

(c) The biannual Buyers' Forum provides a venue for buyers to give suggestions and input to Better Factories Cambodia on the IMS, training strategies and other relevant matters.

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<sup>28</sup> VBNK is a training and learning centre aimed at sharing knowledge and practice within the social development sector in Cambodia.

<sup>29</sup> While small in number, these nine brands are among the major buyers in Cambodia. Estimates indicate that these buyers are responsible for more than 60% of all sourcing from Cambodia.

(d) Finally, the buyers' financial contribution to the Sustainability Strategy. The team noted that BFC was considered as an example of good practice for its innovative development of public-private partnerships through its cooperation with brands.

#### Support from Relevant ILO Units.

95. The current CTA expressed his appreciation for the support received on administrative and financial matters from the ILO Sub-Regional and Regional Offices in Bangkok, and on technical issues from ILO Headquarters in Geneva. The level of communication across offices has been generally fluid. Similar comments were noted in the mid-term evaluation report. The project has also received effective political support from both Headquarters and the Field Offices when needed. Even so, the meetings that the evaluators held with ILO Headquarters, Bangkok Offices and project team revealed that there was space for streamlining this support. Some examples to be considered include:

- The project design was considered unrealistic by the mid-term evaluation, given the timeframe and the resources provided, and thus hindered the early performance of the project. Corrective measures were introduced through successive project extensions.
- There are a number of similar projects backstopped by different technical units at HQ, but the level of consultation, experience sharing and coordination amongst those units is very limited. In the same way, the sharing of experiences, materials and information among the projects has not been systematized. Given the wide geographic distribution of these projects, ILO headquarters is in the best position to develop and facilitate such a knowledge-sharing network. These considerations are part of an ongoing process taking place within the ILO.
- Had the two previous points been properly addressed at the outset, it is feasible that some of the initial shortcomings identified in the review team report of the remediation pilot programme could have been avoided.
- BFC is considered a politically sensitive project and very relevant for the sub-region. The project management provides inputs that are incorporated in the Decent Work Country Programme and the United Nations Development Assistance Framework (UNDAF), but the project does not systematically participate in the policy development meetings held by the ILO Offices in Bangkok.

#### Communications strategy

96. In 2005 the project recruited a communications and IT officer and developed a communications strategy. As part of this strategy two important tools were put in place, namely a website and a quarterly newsletter. Both tools, available in English, Khmer and Chinese, have been very effective in increasing the level of communication with stakeholders, specific target groups and the public at large. A series of integrated promotional materials (e.g., logo, slogan, image design, brochures, folders, badges, stickers, multimedia CD-ROM, development and TV broadcast of "soap operas", and radio programmes) were also produced and contributed to the promotion of Better Factories Cambodia both domestically and internationally.

## Performance monitoring

97. As mentioned earlier in the report, the project document did not include any performance indicators to assist with project monitoring and evaluation. During the first years, the project generated a considerable amount of information, primarily through the monitoring reports. The information collected represented a valuable baseline for measuring factory-level improvements over time, and were used in the follow-up factory visits to track progress made in working conditions. But it should be noted that prior to the launch of the IMS in 2006, the project did not maintain a database for storing and retrieving the data produced by the factory visits.

98. In March 2003, a Performance Monitoring Plan (PMP) exercise was undertaken and a full set of indicators were drafted, but these were not used due to the lack of endorsement by ILO and the donor. The project performance was monitored and documented mainly through work plans, and status and technical progress reports submitted to the donor periodically. Performance indicators were incorporated in the pilot remediation programme and in the second and third round of the remediation modular programme. In 2004, project management instituted a system of internal work planning, with individual objectives, outputs and activities outlined for each project focus area. These were used for ongoing monitoring, knowledge management and improving efficiency in delivery.

99. The Information Management System (developed in 2005 and operational since 2006) also includes performance indicators, with special management reports for operations assessment. This computerized system for collecting, storing and analyzing data, including data concerning BFC training programmes, represented an innovative and effective change in the performance monitoring of the project. While social impact assessment requires a much more systemic approach, and the project would benefit from a more diverse set of indicators to gauge the true impact of the project, compliance represents an important aspect of project performance and the IMS allowed for the information to be more accessible for this purpose.

## **Adequacy and Efficiency of Resource Use**

100. Reference was already made to the level of discrepancy between the multi-pronged, ambitious objectives of the project, and the timeframe, financial and human resources available to carry it out. reflected in the original project document. The successive project extensions were intended to correct this situation.

101. All monitors were locally recruited. The team was informed that, as a result of this practice, the ILO monitoring costs compared very favourably to private monitoring schemes in the region, where auditors are very often paid at international salary levels.

102. The introduction of the IMS has further improved the effectiveness and efficiency of the monitoring system with a significant increase in the total number of reports processed per month and an estimated time savings of 20%.

103. In contrast to the above, the information provided by the project team showed that the pilot remediation programme was rather cost intensive due primarily to the use

of international consultants in the delivery of the modular programme and its limited coverage (seven factories). This constraint was addressed in the extension of the remediation component. The remediation programme was re-designed to reach a broader segment of the population through the development of other types of training besides modular training. Partnerships with local training organizations were widely used in the development and delivery of the training programme, with technical assistance from international experts used only as needed. As a consequence, the coverage was increased and the efficiency of resource use improved.

104. Finally, officials in ILO Headquarters, ILO field offices in Bangkok and project staff concurred that the budgetary resources had been utilized efficiently and effectively. An analysis of the financial documents provided by the project detected no anomalies. Furthermore, the evaluators noted three areas to highlight as good practice, including:

- (a) The outstanding ability of project management to build partnerships, attract new donors and mobilize resources locally;
- (b) The cost recovery strategy started with the contribution of factories to the remediation training and the IMS buyers' subscriptions, and
- (c) The capacity of project staff to handle the complexity of dealing with multiple project budgets, with separate codes each generated by different donors' funds.

### **Implementation of Recommendations / Lessons Learned**

105. The team has commented throughout the report on the implementation of recommendations and lessons learned from the mid-term evaluation, as well as from the review of the pilot remediation programme, when addressing those specific items to which they referred. In general terms, and without the need to repeat our comments, the evaluation team found that the project made considerable efforts to implement all such recommendations, although not all recommendations were implemented to the same degree.

### **Project impact and major achievements**

106. The team identified a number of significant changes in Cambodia and, in particular in the garment sector, that could be at least partly attributed to the impact of the project's interventions:

- Measurable improvements in conditions of work in participating factories.
- Measurable progress in compliance with Cambodian labour law and international core labour standards (progress in this area is considered the highest in the region) in participating factories.
- Hundreds of thousands of jobs were created from 1999 to present, as result of the decision taken by major international brands to source (and to continue sourcing, post-MFA) from Cambodian garment factories. The credibility, transparency and independence of the Better Factories monitoring system and

the progress in compliance resulting from the system played an important role in that decision<sup>30</sup>.

- As a consequence, Better Factories Cambodia made a major contribution to poverty alleviation in Cambodia. More than 90% of apparel workers are young women from rural households. Remittances to their families living in rural parts of the country played a vital role in poverty reduction.
- Project assistance in the preparation and drafting of labour regulations has contributed to resolving critical labour-management problems, such as Prakas 305 on the representativeness of trade unions.
- The *Guide to the Cambodian Labour Law for the Garment Industry*, published in English, Khmer and Chinese as an easy-to-use booklet, helped factory managers, supervisors, shop stewards, trade union officials, buyers and other interested parties to better understand and address labour law-related issues. This enabled parties to approach this complex subject with confidence.
- As a result of the remediation and training activities, stakeholders and target groups, became more knowledgeable and capable of helping factories improve in areas such as workplace cooperation, quality, occupational safety and health, productivity, human resource management and working conditions.
- The capacity of local organizations that were used as service providers for the project was strengthened as a direct result of the assistance received from the ILO through the development and delivery of training. These organizations are now better equipped to contribute to the overall sustainability of project achievements.
- The involvement of major international buyers in supporting project activities and improving working conditions and compliance was encouraged and systematized by project management.
- Local alliance-building around the project took place on an unprecedented level, resulting in multi-donor funding arrangements that have guaranteed the continuation of project activities until January 2009. These partnerships have strengthened the prospects for long-term sustainability.
- The project results have also had an impact on the work of the ILO globally, in the framework of the *Better Work* programme<sup>31</sup>. The experiences, partnerships and lessons learned and lessons learned through BFC have directly influenced *Better Work*, and BFC represents a potentially important laboratory or sounding board as *Better Work* expands further. The former BFC Chief Technical Adviser, Ms. Ros Harvey, moved to ILO Headquarters in Geneva to manage the global programme with the aim of improving on and scaling-up the work conducted under BFC and similar ILO programmes.
- The World Commission on the Social Dimension of Globalization offered a number of recommendations<sup>32</sup> to achieve a fair globalization. BFC makes an important contribution to realizing the goal of promoting good governance through actions taken within global production systems.

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<sup>30</sup> Foreign Investment Advisory Service (World Bank Group), *Cambodia: Corporate Social Responsibility & the Apparel Sector Buyer Survey Results*, Washington, December 2004.

<sup>31</sup> An overview of this programme can be found in Annex. This note demonstrates how some of the experiences and lessons from Better Factories Cambodia have been used to strengthen the global programme.

<sup>32</sup> World Commission on the Social Dimension of Globalization. *A Fair Globalization - Creating Opportunities for All*. (Geneva, ILO). 2004.

## Sustainability of the project

107. Since 2004, a special focus was placed in ensuring the long-term sustainability of the work of the project beyond the USDOL core grant. A sustainability strategy was developed for a transition period, from 2006-2008, which was intended to see the project through towards becoming an independent Cambodian organization by January 2009. The Government, GMAC and trade unions agreed to the sustainability strategy including a transition to full self-financing by January 2009. A Memorandum of Understanding was signed in 2005. Multi-donor funding arrangements<sup>33</sup> were actively pursued and set up to cover a *BFC Programme Structure* with four main components: *Component 1 (monitoring)*, *Comp. 2 (training)*, *Comp. 3 (communications and IT)*, *Comp. 4 (development of sustainable systems)*.

108. The International Finance Corporation Mekong Private Development Facility (IFC-MPDF) is working with the project to develop sustainable systems (Component 4) in order to operate independently from ILO from 1<sup>st</sup> January 2009. IFC-MPDF is currently assisting with:

- Development of systems for the new Cambodian organization including a business plan, administrative, finance, and human resource systems;
- Governance structures for new Cambodian organization;
- Extending buyer engagement.

Initial stakeholder agreements are expected to be in place by the end of 2007. During the evaluation, IFC-MPDF expressed its optimism concerning the sustainability strategy after January 2009, provided that Government, GMAC and trade unions continue to be involved and committed.

109. Both the sustainability strategy and the multi-donor funding arrangements developed in 2004 have secured project activities until at least the end of 2008. During this transition period the programme has continued to play a crucial role in the garment sector in Cambodia. Its innovative compliance and training tools have attracted the attention of buyers, journalists, consumer groups and academics at international level. This major achievement would not have been possible without the USDOL core funding to the project.

## IV. CONCLUSIONS

### a) Relevance

110. The relevance of the project was unanimously recognized. The project was aligned with and effectively supported Cambodia's Millennium Development Goals, Poverty Reduction Strategy Papers, UNDAF, Decent Work Country Programme and donor policies. Its contribution to the development of garment sector, improvement in

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<sup>33</sup> The project received funds from the Agence Française de Développement (AFC), Asian Development Bank (ADB), Cambodian Confederation of Trade Unions (CCTU), Cambodian Labour Confederation (CLC), GAP Foundation, Garment Manufacturers Association in Cambodia (GMAC), International Buyers, New Zealand's International Aid and Development Agency (NZAID), Royal Government of Cambodia, World Bank, US Agency for International Development (USAID).

working conditions in the garment sector, and employment-driven poverty eradication was widely acknowledged by stakeholders.

b) Validity of design and strategy

111. Most of the persons who met with the mid-term evaluation team in January 2003 confirmed the validity of the objectives and strategy of the original project document. The team considered, however, that the immediate objectives were not realistic within the project's timeframe and budget. The USDOL-funded project extension sought to remedy this situation. The improvement cycle strategy of the project, combining monitoring with remediation and capacity building, continued to demonstrate its relevance during the extension period, although the coverage gap between monitoring and remediation, in particular with respect to the modular training programme, continued to require attention.

c) Monitoring System

112. The ILO monitoring has contributed to the development and growth of the textile sector and to the creation of many jobs. It played a decisive role in the implementation of the US-Cambodia Trade Agreement until the end of 2004, as well as in maintaining Cambodia's international good reputation for compliance with labour standards, thus ensuring the continuation, and growth of the sector, after the expiration of quotas.

113. The ILO's direct involvement in the monitoring of factories was essential to the success of the system. It enabled the monitoring system to operate with independence, credibility and transparency, in an environment where the political and socio-economic circumstances of Cambodia made such principles of good governance difficult to achieve.

114. The introduction of the Information Management System (IMS) dramatically increased the effectiveness and impact of the monitoring. This resulted in an increased support by a number of key buyers, but the speed with which the reports were being produced, and the heightened buyer interest also led to discomfort for the management of some of the affected factories. The IMS constituted a very useful tool to collect information and monitor the project's performance as a whole. Nevertheless, the overall monitoring process, and the IMS system need to be fine-tuned<sup>34</sup> in order to streamline the programme, make the technical platform more user-friendly, and ensure the most efficient use of human and technical resources.

d) Remediation Programme

115. The conclusions and recommendations outlined in the review of the pilot remediation programme, have been reiterated in summary in this report (see paragraph 47). They are fully endorsed by the present evaluation team, as they served as guidance for the extension of the remediation component. While the USDOL funds may have been spent more efficiently during the pilot phase, subsequent restructuring of the

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<sup>34</sup> It should be noted that the IMS system is currently in the process of being reviewed with a view to improving the usability of the system, however, results of this assessment were not available during the evaluation.

remediation programme addressed many of these shortcomings, streamlined delivery, and realized considerable savings through building partnerships with local service providers.

116. Most of the outputs concerning the extension of the remediation programme were achieved through a very intensive plan of activities. This plan extended the coverage of the programme around various types of training, including the modular training programme, single issue seminars, induction training kit and training of trainers for human resource managers and factory-based training using the soap opera “At Factory Gates”.

117. However, the gap between the factories covered by the monitoring system and the remediation programme was still very considerable, and, therefore, raising questions as to the full implementation of the “improvement cycle strategy” of the project remained incomplete. While it is clear that there will never be 100% take up of the modular training activities on offer, and the project developed a wide range of other options (*inter alia*, single-issue seminars, soap operas, induction kit training, factory-based training, and good practice sheets) in an effort to broaden impact of the training initiatives, there remains considerable scope for reaching larger numbers of factories with the remediation programme. There are obvious human and financial resource implications for expanding participation in the modular trainings, and other training options, which would need to be taken into account as the project moves forward.

118. Better Factories Cambodia made remarkable strides in producing new materials in English, Khmer and Chinese and in simplifying and adapting existing materials for the Cambodian context. Promotional brochures, manuals and training kits, videos, soap operas, comic books, and good practices sheets were well appreciated by users and stakeholders.

119. Measurable improvements in working conditions and industry standards in the participating factories were evidenced by factory improvement plans and factory indicators. However, further progress can be achieved, particularly in the fields of learning dissemination and continuous improvement, so as to ensure a more sustainable impact of the programme. Internal evaluations indicated a good level of customer satisfaction, although this varied significantly according the type of training, the agency responsible of the delivery, the direct recipients and the stakeholders.

120. As recommended by the 2004 review of the remediation component, the project identified and used local training institutions extensively as partners in programme implementation. Their capacity was enhanced by the project assistance. However, the involvement of tripartite partners in the implementation, which had also been recommended by the review and the mid-term evaluation, was rather limited.

e) Labour laws and regulations

121. The results achieved by BFC on this issue were noteworthy, taking into account the external constraints. The project maintained a record of those areas of the law which required clarification and provided advice to the Labour Advisory Committee in the MOLVT. It was involved in the drafting of ‘Prakas’, regulations and clarifications in key labour legislation areas, actively participated and supported the labour law review

exercise and joined the 8<sup>th</sup> Working Group on Industrial Relations under the Prime Minister.

122. Two major accomplishments of BFC should be highlighted in relation to this issue: the survey entitled *Cambodia: Women and Work in the Garment Industry*, carried out in close cooperation with other agencies, and the *Guide to the Cambodian Labour Law for the Garment Industry*. The Guide was specifically praised by all interlocutors as one of the best achievements of the project.

f) Capacity building of tripartite partners

123. The team found that the capacity building of tripartite partners was partly achieved. A considerable number of specific training activities were carried out between 2003 and 2004 in collaboration with the Labour Dispute Resolution and ILO/DANIDA workers education projects.

124. The training of trainers programme on occupational safety and health for trade union educators and particularly the subsequent workshops conducted by union educators for factory-level worker representatives, were very much in line with the project strategy and a good example of joint efforts undertaken with other ILO projects and regional institutions. However, this positive example of partners' participation was not found to have been systematized or scaled-up later in the project.

125. As for GMAC, the pilot remediation programme placed the main weight of its capacity building on the secondment of one GMAC official who would continue working for the Association following her work with Better Factories. The team found that this constituted an overly optimistic and risky assumption that was not confirmed by the facts.

126. Conciliators and labour inspectors of the MOLVT expressed their satisfaction in general terms with the training delivered between 2003 and 2005 by international experts hired by the project and voiced certain reservations with regard to the training delivered by local trainers. The Ministry officials' capacity was also enhanced through their involvement in project activities.

127. The participation in the project consultative process, such as the PAC meetings or the local training reference group, constituted an important ingredient in enhancing the capacity of the tripartite partners. BFC newsletters, its website and the series of good practice sheets were also means by which the project was able to continuously build capacity. However, the team is of the view that the project did not make full use of the potential of the tripartite stakeholders to be more involved in the project implementation process, as foreseen in the project strategy and recommended by the review report and the mid-term evaluation. This could have led to wider impact, increased local ownership and enhanced prospects for long-term sustainability.

g) Gender issues

128. Women were defined as a target group in the original project document and their particular needs had to be specifically addressed. Some examples of the attention paid by BFC to women's particular needs and gender equality include:

- Specific items referred to women in the monitoring questionnaire;
- Data generated by the project was systematically disaggregated by sex;
- Sustained progress was made in the number of women participating in training activities;
- Project materials regularly either made reference to gender, or addressed specific gender issues, such as the survey on *Women and Work in the Garment Industry*;
- The soap operas, as told from the perspective of a woman working in the industry, addressed gender perspectives throughout, with one episode targeted specifically to issues of importance to women workers;
- Good progress was made in the number of women in the project staff, and in particular among the monitors;
- The project maintained a gender focal point and gender strategy, and
- The project addressed cases of men's discrimination concerning recruitment in garment factories.

129. The team found that Better Factories represents an example of best practice for an ILO project addressing gender issues in a proactive and effective manner. It successfully balanced addressing women's issues separately, with mainstreaming gender into those interventions not immediately focused on women's issues. Continuous efforts should be made to guarantee sustained progress in this area. An area for possible future collaboration could involve working with the ILO/DANIDA Workers' Education Project to encourage and support stronger representation of women as shop stewards and union worker representatives.

h) Linkages to other projects

130. The collaboration and synergy with ILO projects in Cambodia (mainly with the Labour Dispute Resolution project, the ILO/DANIDA project on workers' education and the Child Labour Project) resulted in more efficient and effective use of financial and technical resources and greater benefits for the target groups involved. In addition to ILO projects, collaboration with the USAID-funded Garment Industry Productivity Center (GIPC) project held promise for sharing expertise and means of action in order to enhance their impact in the sector.

i) Effectiveness of management arrangements

131. The management competence of the three successive Chief Technical Advisers (CTAs) of the project, Mr. Lejo Sibbel, Ms. Ros Harvey and Mr. Tuomo Poutiainen, were widely recognized and appreciated. In spite of the relatively high rate of turnover, the project was well managed and the priority setting, programming and implementation of activities were sound and well coordinated. International and local project staff was competent and the Cambodian staff could be considered as a valuable human resource for the project, the ILO and their country.

132. A significant symbol of commitment and support to Better Factories from the Cambodian tripartite partners can be seen in their financial contributions to the project budget. The Government, represented by the Ministry of Labour and Vocational Training and, in particular, from the Minister of Commerce reiterated its firm political support to the project. The trade unions also expressed their support to BFC and

acknowledged the benefits that had been obtained from its interventions. The support of GMAC was unambiguous and firm while the quota system was in place. As the quotas expired, GMAC's position became more nuanced and the organization has been quite critical of the project at times.

133. The Project Advisory Committee (PAC) met regularly and served as an effective means to inform and consult the stakeholders on project plans and activities. The functioning of the PAC was an essential factor for enhancing the understanding, commitment and ownership of tripartite national partners.

134. The team found that in general terms the use of local service providers was beneficial for BFC, particularly in its partnership with VBNK. The capacity of these organizations was strengthened in the delivery process through the assistance of the project and, at the same time, the foundations were laid for the sustainability of project results, once the ILO phases out.

135. The evaluation team found that project management is taking the necessary and appropriate action to respond to GMAC's concerns, and to reassure the public as to the independence and reliability of the monitoring system. Regarding the training, which GMAC linked to increases in illegal strike activity<sup>35</sup>, the evaluation team notes that these comments seemed to be linked to the delivery of the trainings on rights and responsibilities related to carrying out legal strikes, which had been facilitated by the Community Legal Education Centre (CLEC) as part of the LDRP.

136. The support received from relevant international brands has constituted a critical factor of success for this project. The Information Management System (IMS), the electronic buyers' remediation training reference group, the bi-annual Buyers' Forum, and the buyers' financial contribution to the sustainability strategy were strategic arrangements that effectively encouraged and systematized buyers' support to Better Factories. This project has been considered as an example of good practice for its work with the private sector buyers, representing major international brands.

137. According to project staff, the project received all necessary support on administrative and financial matters from the ILO Sub-Regional and Regional Offices in Bangkok as well as and technical inputs from ILO Headquarters in Geneva. Political support was provided by all parties whenever such assistance was needed. The level of communications has been generally fluid, though opportunities remained for streamlining this support.

138. The quarterly newsletter in English, Khmer and Chinese, the website in the same languages, soap operas, radio programmes, CD-ROMs and other promotional materials were effective tools for realizing the objectives of the communication strategy. These products were used by the project to scale up its level of information and communication in order to raise awareness and increased understanding among stakeholders, target groups and the public at large. They also served to promote Better Factories Cambodia project domestically and internationally.

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<sup>35</sup> As was stated in the Executive Summary, the evaluation team found no significant linkage between the LDRP training on the right to strike and an increase in the prevalence of illegal strike activity.

139. Project performance was monitored and documented through work plans, progress reports and technical reports submitted to the donor periodically. Unfortunately, the original project document did not specify indicators and the ones identified in 2003 were not used in the project reports. Monitoring progress indicators were incorporated in the pilot remediation programme and in the second and third round of the remediation modular programme. The introduction of IMS in 2006, with its computerized system for collecting, storing and analyzing project data and its indicators of progress, represented an important change in the performance monitoring of the project.

j) Implementation of Recommendations/Lessons Learned

140. In general terms, the project paid serious attention to these recommendations and lessons learned, although not all of them were implemented fully, and the degree of implementation was not uniform, as has been outlined in this report.

◆ In 2003, the project identified a full set of indicators in the Performance Monitoring Plan exercise carried out in 2003 as recommended by the mid-term evaluation, but they were not used due to the lack of endorsement and were partially substituted by other performance indicators in some project focus areas. The project should pay careful attention to ensure that proper indicators are included in the formulation resulting from the project sustainability strategy as an independent entity beyond 2009, which was under preparation when the evaluation mission took place.

◆ Regarding the recommendation on sustainability, the project made a limited use of the potential of the tripartite stakeholders in the implementation process and the evaluation team was not informed of any discussions having taken place on a long-term plan, either with GMAC to continue with the enterprise level activities or with the tripartite partners to ensure the availability of their trainers to train their respective groups (or staff) once the project is finished, as recommended. It should be noted, though, that the evaluation team did not have access to the findings paper concerning the project sustainability strategy as an independent entity beyond 2009, as it was under preparation. Reference is made to the recommendation appearing in paragraph 153 of this report.

◆ Finally, with regard to the recommendation concerning the coordination between the project, ILO RO/SRO Bangkok and ILO Headquarters, reference is made to the comments appearing in paragraph 95 and the recommendation under paragraph 151 of the current report, concerning the streamlining of the coordination and sharing of information, experience and materials within ILO to better support similar ILO projects.

k) Adequacy and efficiency of resource use

141. The local recruitment of all monitors and the introduction of IMS contributed decisively to the efficiency of the resources used in the monitoring system. The pilot remediation programme was rather cost intensive due primarily to the use of international consultants in the delivery of the pilot, and the limited coverage, reaching only seven factories. The extension of the remediation programme substantially

corrected these problems, broadening the coverage and impact of training interventions and making extensive use of local training organizations. The adequacy and efficiency of resource use increased consequently.

142. The USDOL project resources were efficiently used as “seed money”, allowing the project to attract new donors, and developing the concepts and undertake the preparatory work for the continuation of the project under a multi-donor funding arrangement.

143. ILO Officials in Geneva, Bangkok and Phnom Penh concurred that budgetary resources were put to very good use. No anomalies were detected in a cursory review of financial documentation provided by the project. The team was impressed by the capacity of project staff to handle the complexity of dealing with several project codes generated by multiple funding sources, which was a considerable challenge in the existing ILO financial management system.

l) Project impact and major achievements

144. For the purpose of brevity, reference is made to the impact and achievements enumerated in paragraph 106.

m) Sustainability of the project and challenges

145. The focus on sustainability of the project beyond the USDOL core grant was a priority from 2004, and has resulted in the development of a sustainability strategy for the period 2006-2008, financed through a multi-donor funding arrangement. This strategy is aimed at transforming Better Factories into an independent Cambodian organization by January 2009, with the concurrent phasing-out of ILO’s presence. During this period the programme has continued to play a crucial role in the garment sector in Cambodia and its innovative compliance and training tools have attracted the attention of a variety of parties at both the national and international levels. This major achievement would not have been possible without the USDOL core funding.

146. The sustainability of the project as an independent Cambodian entity beyond January 2009 is likely to be confronted with a number of challenges:

- In a context of widespread corruption in the country, the current credibility of the BFC monitoring system at national and international levels is closely linked to the ILO. Statements such as “International buyers want to see the ‘ILO’s stamp’ on [the monitoring system]”, and “The ILO is the only one who can guarantee the system”, were repeated frequently. Even the Minister of Commerce, whose support to the whole process has been crucial since its inception, feared that the independence and credibility of the monitoring system would be compromised without the ILO’s active involvement in execution of the programme.
- Should the project become an independent entity in January 2009, as foreseen in the sustainability strategy, it is important to determine how it can keep the “ILO’s stamp” or find some other way to build up the relevance and widespread reputation of the “Better Factories brand” to guarantee the

credibility, independence and quality of the project interventions. Serious consideration must be given to find some alternative proposals, with various options for ILO presence. Determining the role of the ILO in this regard, as well as the financial implications, is critical.

- Opinions on the future of the programme, and the ongoing role of the tripartite partners and the ILO, were mixed. While the tripartite partners' continuous involvement and support beyond January 2009 was originally seen as a pre-condition for sustainability of the new entity, there was not full agreement on how this would materialize. Whereas the Minister of Commerce clearly favours the continuation of an ILO-implemented programme, GMAC's concerns about the monitoring and the ILO training activities make their support for and participation in the new entity still unpredictable.
- Better Factories Cambodia has been largely a donor-driven project. For most interlocutors, there was agreement that the new entity would have to be driven by the market, and would need to find a market niche in order to be self-sufficient. The issue of cost-recovery will be crucial and buyers and factories may make the final determination as to the value of BFC interventions. A major challenge is to convince the buyers to avoid duplication and rely entirely on monitoring reports generated by the project through the IMS. In turn, the manufacturers would have to see the benefit of the monitoring and remediation training, including the new "fast track remediation service", developed to respond to individual factory concerns in a timely and customized manner, as well as the proposed new function for the project to act as a clearing house for training service providers.
- Beyond the consultative process, the level of participation of the tripartite partners in the project implementation has been rather limited. This sort of distance has allowed the project to effectively maintain the rhythm and control of its activities and to keep the project away from the corruption that is widespread throughout the country. Questions remain as to whether it could have worked in the same way to build local ownership and facilitate long term sustainability.

147. As part of the process to implement the sustainability strategy, with the objective of turning operations over to a locally run institution in 2009, the project has been going through a period of intense self-evaluation. This has involved a full review of the programme, its objectives, methodology and strategies, to determine the best means of action for ensuring sustainability for its interventions in post-MFA Cambodia. While these recent developments were outside of the scope of the evaluation, the team was encouraged by this initiative of project management, which it saw as actively and dynamically engaged in looking to the future, and taking the lessons learned from past experiences to ensure the long-term success of the project. A sustainability strategy paper for BFC beyond January 2009 was under preparation when the evaluation mission took place and it will be discussed with the tripartite partners and key stakeholders of the project.

## **V. RECOMMENDATIONS**

148. The Information Management System (IMS) should be fine-tuned in close consultation with monitors and other end-users in order to further improve its functionality and make it more user-friendly. The project is currently considering the possibility of shortening the monitoring checklist, a process which the evaluation team endorses fully. Collaboration with the Global Better Work Programme on this matter would be advisable. The reinforcement of the system of internal controls for factory monitoring should be well-publicized in order to limit the potential for any future criticisms.

149. Continued efforts should be made by the project to dispel any misunderstandings among manufacturers about BFC monitoring, improving its image and raising awareness about the contribution of BFC to the development of the garment sector in Cambodia and the benefits brought to the factories. The full range of available trainings, as well as good practice sheets and other developmental materials needs to be better promoted among factory owners and management. This is particularly true given the positive response of those factories having been exposed to the remediation component of BFC.

150. The complexity and sensitiveness of the monitoring system calls for a renewed attention by project management to strengthening and systematizing monitors' training in legal / technical and interpersonal / "soft" skills.

151. To the extent it is feasible, it is recommended that the project management finds a mechanism, in consultation with the Project Advisory Committee, to involve relevant federations and unions in the review of those synthesis reports which refer to the firms where they have members, or to ensure that all the federations and unions have an easy access to synthesis reports.

151. Given the groundbreaking nature of the role played by ILO in BFC, and similar projects, it is recommended that the ILO create a forum for knowledge sharing and in-depth discussion as to the lessons learned from, and implications for such innovative interventions. ILO technical units backstopping similar projects should systematize their coordination and share information, experience and materials to better support common learning on the subject. An 'ad hoc' working group could be established with the relevant ILO units in close cooperation with project CTAs. If feasible, a meeting between technical units, CTAs, and other relevant units such as CODEV, would be advisable as a starting point.

152. There is considerable scope for increased cooperation between the remediation and monitoring teams. Their collaboration should be further systematized and enhanced. For example, the monitors should (based on a full understanding of what is on offer through remediation, and by making copies of the best practice sheets available during factory visits) act as "front line" remediation staff, marketing the tools and programmes available through the remediation programme. The remediation staff should make better use of monitoring reports and regular consultations with monitors to develop and offer customized, practical solutions to the types of problems identified in the factories through monitoring.

153. Beside the continuous assistance to local training institutions participating in the project to streamline their performance, BFC should actively explore the use of the expertise and capacity (built through previous training activities) of the tripartite partners and factory representatives in order to scale up the coverage of the remediation programme. This would also enhance their commitment to realizing full local ownership and ensuring the sustainability of the project.

154. The re-design of the remediation programme was discussed with the project stakeholders in a seminar held in December 2004, and the modular training programme was assessed in 2006. It would be advisable for project management to undertake another focused examination of the programme's performance during this period (2005-2007). This assessment should be undertaken together with stakeholders, to elicit their specific concerns (some of which have already been reflected in this report) and to discuss the proposals for the future.

155. Continuous efforts should be made to sustain and build on progress made on gender equality, based on the follow-up to the results of the survey on women workers.

156. The support and increased involvement of brands in the project should continue. The project should explore the new opportunities offered by IMS and any redesign in the monitoring or remediation programmes to enhance the buyers' participation in the project and their influence in the improvements taking place in the factories.

157. The project is encouraged to further strengthen its collaboration with other ILO projects, in particular with the Labour Dispute Resolution Project, as well as with other projects and institutions outside ILO, such as further developing a strategic alliance with the USAID-funded Garment Industry Productivity Center (GIPC) project.

158. All parties involved in the project, and the ILO in particular, should pay careful attention to the challenges facing the sustainability of the project, as it is expected to transition into a Cambodian organization in 2009. Some of the main issues for consideration have been identified in the conclusions outlined above.

## **VI. LESSONS LEARNED**

159. The design of the project impacted negatively on project performance, as it hindered the full implementation of the project strategy. Striking the right balance between project objectives, technical and financial resources, timeframe, and the formulation of appropriate performance indicators is essential in any project design. While subsequent project revisions, coupled with increased support from a broad spectrum of donors, increased the likelihood of the project achieving its objectives, careful attention should be paid to this experience in future project formulation and project extension exercises.

160. Better Factories Cambodia could be considered as an example of good practice on attracting new donors and local resources mobilization, while simultaneously building local alliances around the project objectives. The participation of the tripartite partners in the multi-donor funding arrangements makes this example even more significant.

161. This project also represents a good practice for its work with international brands. The support received from relevant international brands has constituted a critical factor in the success of this project. As has been outlined throughout this report, project management put in place a series of strategic arrangements, such as the Information Management System (IMS), the electronic buyers' remediation training reference group, the bi-annual Buyers' Forum, and the buyers' financial contribution to the sustainability strategy, that worked very effectively to systematize buyers' involvement and support to the project.

162. The ILO must be careful to clearly delineate between the limited, time-bound interventions expected from a project, and the broader goals of a Decent Work Country Programme. Particularly when highly visible and effective projects exist in countries which do not have an "official" ILO presence, great care must be taken to ensure that the Office is able to provide the necessary support to ensure the projects' success. For example, *Better Factories* was one element of a programme which created the space for trade union growth, and had more capacity building on running democratic, transparent, independent and effective trade unions taken place early on in the project, some of the problems being currently faced may have been avoided. The problems being faced within the industrial relations system require broad-based intervention by the ILO, and not just by the projects.

163. Finally, the evaluation team considers that the project was highly relevant for the country. It achieved a number of major results and is building a solid foundation for future sustainability. However, as Cambodia is just emerging from years of devastating civil strife, where the State, institutions and the social fabric are still very weak, the changes and undeniable impact brought by the project require more time to be fully realized. Many interlocutors believed that at least a generation was needed for the country to fully recover and for public and private institutions to function properly. From this perspective, a longer-term commitment from all parties is needed to ensure the sustainability of project results. The continued assistance of the ILO would help to guarantee the whole process.

## **VII. ACKNOWLEDGEMENTS**

164. The evaluation team would like to express its gratitude to the current project CTA, Mr. Tuomo Poutiainen, and his staff for all the arrangements and assistance provided before, during and after the evaluation mission. Their collaboration has been priceless. The team also particularly appreciated the help and advice received from Mr. Lucian Gatewood, from the USDOL. A particular word of thanks and appreciation is also addressed to the former CTA, Ms. Ros Harvey, whose guidance, information and comments have been extremely helpful to understanding the period under review. Finally, the evaluators would like to express their thanks for the generosity of all the stakeholders and interlocutors who gave their time, thoughts and assistance to the evaluation exercise.

Luis Reguera  
Independent Evaluator

Christopher Land-Kazlauskas  
ILO

## ANNEX 1

### TERMS OF REFERENCE

#### FINAL EVALUATION

#### Garment Sector Working Conditions Improvement in Cambodia Project

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##### I. PROJECT DESCRIPTION

The Garment Sector Working Conditions Improvement in Cambodia Project is project funded by the US Department of Labor (USDOL) and executed by the International Labour Office (ILO) in the context of overall USDOL-ILO cooperation aimed at promoting democracy and peace through upholding the principles and rights of workers. The project was designed to complement the Labor Dispute Resolution project that is also funded by USDOL and executed by the ILO. The evaluations for these two projects will be conducted concurrently by one external evaluator (the Team Leader).

On January 20, 1999, the Governments of the Kingdom of Cambodia and the United States of America entered into a three year Trade Agreement on textile and apparel. The agreement was amended and extended for another three years on December 31, 2001. The Agreement set an export quota for garments from Cambodia to the United States, while seeking to improve working conditions and respect for basic workers' rights in Cambodia's garment sector. This was achieved through the promotion of compliance with and enforcement of Cambodia's Labor Code passed in 1997 and internationally recognized core labor standards. The amended agreement also allowed for a possible 18% annual increase in Cambodia's export quotas to the United States as long as the Kingdom of Cambodia supported "the implementation of the a program to improve working conditions in the textile and apparel sector, including internationally recognized core labor standards, through the application of Cambodian labor law."<sup>36</sup>

Following this agreement, the governments of Cambodia and the United States requested ILO technical assistance to support the implementation of Article 10b. The original budget of the project was \$1.4 million with the United States Department of Labor contributing \$1,000,000, the Garment Manufacturers Association of Cambodia (GMAC) contributing \$200,000 and the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation (MOSALVY) contributing \$200,000. The project has been modified and the project budget increased to \$2,675,000.

At the end of 2004, both The Multi-Fibre Arrangement (MFA) and the Cambodian-US trade agreement expired. As a result, all countries became subject to global competition and bonus quotas as outlined above were no longer possible as a means to promote improvements in working conditions in the Cambodian garment sector. However, considerable demand remains to continue monitoring and remediation activities on behalf of producers, workers, and buyers as well. This programme that monitors compliance with core labour standards and national legislation and promotes good

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<sup>36</sup> Article 10b, US-Cambodia Textile Agreement

working conditions through workplace cooperation is seen as an important comparative advantage for the garment industry in Cambodia.

The ILO Garment Sector Project has now become known as *Better Factories Cambodia*. The new name that was started to be used in early 2005 better reflects the present aims of the ILO project as a multi stakeholder initiative financed and supported by the supply chain. The funding and the donor base of the programme has broadened from the original trade agreement related USDOL funding to include grants from World Bank, Agence Francaise de Developpement (AFD), the Garment Manufacturers Association of Cambodia (GMAC), the Royal Government of Cambodia and Cambodian Unions.

Project activities began in July 2000 and concluded with DOL funding on June 30, 2007.

#### Project Objectives:

The project objectives outlined below represent a slight shift from those included in the original project document. In 2006, the project's multiple donors and project management agreed to joint reporting procedures as a means for streamlining the reporting process and creating a more coherent system for project monitoring. This required that the objectives of the multi-donor programme be harmonized, and reports produced based on a set of combined objectives.

**Goal:** To reduce poverty by expanding decent work opportunities in the garment export industry

**Purpose:** To contribute to the growth of exports of the garment industry in Cambodia through promoting socially responsible production and compliance with Cambodian labour law and core labour standards.

#### **Component Objectives:**

1. To improve compliance with Cambodian labour law and core labour standards;
2. To increase socially responsible production (SRP) in the Cambodian garment industry;
3. To promote the Cambodian garment sector project domestically and internationally;
4. To develop tripartite and sustainable systems to support the ongoing operation of Better Factories Cambodia.

#### Project Activities to Date:

*See workplan and Technical Progress Reports*

#### Mid-term Evaluation:

A mid-term evaluation was conducted from January 25 – February 1, 2003. The purpose of the mid-term evaluation was to assess the main strengths and weaknesses of implementation of the project to date, identify lessons learned, highlighting factors contributing to major achievements and obstacles, and to ensure that the project will be able to maximize its impact in meeting its objectives. The evaluation covered the period from the project's inception in January 2001 to the end of January 2003. The evaluation team was composed of an independent consultant, acting as team leader, an ILO official and a representative of the USDOL. The evaluation team reviewed project materials and interviewed ILO officials and project staff, stakeholders, beneficiaries and partner institutions. Lessons learned and recommendations from the mid-term evaluation are included under section IV.

## **II. PURPOSE**

The purpose of the final evaluation is to:

- e) Determine if the project has achieved its stated objectives and explain why or why not;
- f) Assess whether the lessons learned and recommendations of the Mid-term evaluation remain relevant to the project, given developments since early 2003, and the extent to which these were addressed by the project;
- g) Evaluate the long-term benefits / impact accrued to target groups, implementation status, project management and performance monitoring;
- h) Document best practices that could be used as models for activities in other projects;

In addition, the final evaluation should provide the project management team, ILO field and headquarter staff, project stakeholders, and the donor with the feedback and information needed to assess: policies, strategies, data collection methods, objectives, institutional arrangements, work plans, and resource allocation.

## **III. EVALUATION TEAM**

The evaluation team will be comprised of an independent evaluator, Mr. Luis Reguera, who will act as Team Leader and a representative of the ILO, Mr. Christopher Land-Kazlauskas, Social Dialogue Officer, Social Dialogue, Labour Law and Labour Administration Department.

The Team Leader is responsible for conducting the evaluation according to the terms of reference (TOR). He shall:

- Review the TOR and provide input, as necessary.
- Review project background materials (e.g., project document, progress reports).
- Review the evaluation questions and work with the donor and implementer to refine the questions, as necessary and to develop interview protocols.

- Develop and implement an evaluation methodology (i.e., conduct interviews, review documents) to answer the evaluation questions.
- Conduct a Team Planning Meeting (TPM) with USDOL and ILO prior to the evaluation mission.
- Prepare an initial draft of the evaluation report, circulate it to USDOL and ILO, and prepare a final report, reflecting any comments or additional inputs received.
- The team leader is to submit the final evaluation report after the evaluation mission according to the timeline provided in Section VI. The other members of the evaluation team should be involved in the drafting of and commenting on the final report.

The USDOL Project Manager is responsible for:

- Drafting the evaluation TOR;
- Finalizing the TOR with input from the ILO and the Team Leader;
- Providing project background materials;
- Participating in the TPM prior to the evaluation mission;
- Reviewing and providing comments of the evaluation report<sup>[1]</sup>

ILO is responsible for:

- Reviewing, providing any necessary inputs into, and approving the TOR;
- Providing project background materials;
- Reviewing the evaluation questions and working with the donor and the Team Leader to refine the questions, as necessary;
- Participating in the TPM (by phone if necessary) prior to the evaluation mission;
- Scheduling all meetings;
- Assisting in the implementation of the evaluation methodology, as appropriate and as approved by the Team Leader (i.e., participate in interviews, observe committee meetings) and in such a way as to minimize bias in evaluation findings; and
- Reviewing and providing comments on the evaluation report.<sup>[2]</sup> ensuring that the evaluation is conducted in accordance with these terms of reference, for preparing the draft report of the evaluation, discussing it with the other member of the evaluation team, the beneficiaries and the stakeholders.

This evaluation will be conducted concurrently with the evaluation on the Labor Dispute Resolution project in Cambodia also funded by the USDOL and implemented by the ILO.

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<sup>[1]</sup> It is important to review the draft based on the elements of the TOR and to ensure that the draft is factually accurate and structurally sound. The comments should not attempt to change the findings, conclusions, and recommendations / lessons learned made by the evaluator in order to maintain the independence and objectivity of the evaluation report.

<sup>[2]</sup> It is important to review the draft based on the elements of the TOR and to ensure that the draft is factually accurate and structurally sound. The comments should not attempt to change the findings, conclusions, and recommendations / lessons learned made by the evaluator in order to maintain the independence and objectivity of the evaluation report.

#### IV. SCOPE / KEY ISSUES

The evaluation will cover the period from end January 2003 to present, but will take into account events occurring between 2001 and 2003 to create an accurate and comprehensive picture of the project's context and development.

The evaluation will examine the following key issues:

1. Validity of the project strategy, objectives and assumptions:
  - *Were the project strategy, objectives and assumptions appropriate for achieving planned results?*
  - *How did these change following the Mid-term Evaluation? Were these changes effective? Why or why not?*
  - *Were the activities appropriately adapted for the needs of the country? Where appropriate, did they take into consideration or build upon existing donor, government, and private initiatives in the country?*
  - *Do the MOSALVY / employers / unions / Project Advisory Committee (PAC) members understand the project's objectives and approach? How have they supported these objectives over the life of the project?*
  
2. Benefits / impact accrued to target groups:
  - *What have been the major results / accomplishments of the project?*
  - *To what extent has the project achieved its objectives and reached its target groups?*
  - *Is there adequate stakeholder commitment to and understanding of the project?*
  - *Did the project adequately account for the different needs of women and men?*
  
3. Implementation status, specifically as concerns planned activities, materials, schedule and budget:
  - *To what extent have planned activities been implemented on time and within budget to the target audiences, in relation to the original project document and to subsequent work plans?*
  - *What efforts have been undertaken to ensure that both women and men are able to benefit from project activities?*
  - *What obstacles were encountered in project implementation? What actions were taken to address any such obstacles?*
  - *Were training programs, manuals and other project materials adapted to the needs of the project, stakeholders and beneficiaries (both women and men) as well as the country situation? Were they well received and well produced? Were they coordinated with other government, donor, or private*

*sector activities where appropriate? Did they incorporate existing materials where appropriate?*

4. Sustainability of project results:

- *Does the project have a sustainability plan? If so, how was it developed?*
- *What project components or results appear likely to be sustained after the project and how?*
- *Since this project will be continued through other donors' funds, what were the steps taken to ensure continued activities?*
- *How might the approach, products, results and lessons learned from this project be extended to similar projects worldwide?*

5. Management performance by ILO, specifically as concerns project staffing and communications:

- *How well does the project manage its personnel and communicate with stakeholders?*
- *Do partners feel the project meets their needs in terms of services and participation in project planning?*
- *Is staff time spent in the most effective and efficient manner to accomplish the project's objectives?*
- *The project received funding from multiple sources, how was this managed?*
- *Has the project staff received adequate support / cooperation from the PAC, the local partners, and relevant ILO units and offices?*

6. Effectiveness of project performance monitoring:

- *What type of project performance monitoring system is used?*
- *What data is collected and how?*
- *Is the performance monitoring system practical, useful and cost effective for project management?*

7. Coordination with the Labor Dispute Resolution project:

- *Are the linkages between this project and the Labour Dispute Resolution in Cambodia project being maximized to ensure efficiency?*

8. Implementation of Recommendations / Lessons Learned from Mid-term Evaluation:

- *How have the recommendations and lessons learned from the Mid-term Evaluation been addressed by the project? These include, inter alia:*

- i.* The Performance Monitoring Plan (PMP) exercise foreseen for the project should identify some indicators for progress for all of the objectives as well as some for sustainability. These should be developed and agreed upon at the project level and discussed with the ILO (SRO and HQ) and USDOL prior to finalization.
- ii.* Special efforts should be vigorously pursued to recruit women monitors.
- iii.* The factors and issues related to sustainability should be addressed by all parties at the earliest opportune moment, including: plans for the institutional base of the information generated by monitoring activities, long-term plans to continue with the enterprise level activities once the project has terminated, concrete steps to ensure the future availability of trainers, and preparation of a sustainability plan for discussion with all stakeholders.
- iv.* The CTA should ensure that the new sub-programme and any activities on WISE are fully coordinated with the workplace cooperation programme under preparation in the Labour Dispute Resolution project.
- v.* A triangular means of consultation should be identified so that the project staff is fully aware of new initiatives and ideas impacting on projects in Cambodia.
- vi.* Other lessons learned on design, strategy and implementation should be documented as the project progresses.

## **V. METHODOLOGY**

### Document Review:

The evaluator will review the following documents before conducting any interviews or trips to the region.

- Project document
- Quarterly reports
- Reports from events
- Training materials from the events
- Trip / mission reports
- Strategic framework and PMP
- Work plans
- Midterm evaluation of the project from 2003
- Project documentation for the continued funding of this project

### Team Planning Meeting:

The evaluator will have a Team Planning Meeting (TPM) via conference call with the USDOL/OFR project manager, OFR Evaluation Coordinator, ILO Geneva and Phnom Penh project staff. The objective of the TPM is to reach a common understanding among the evaluator, USDOL and project implementer regarding the status of the

project, the priority evaluation questions, the available data sources and data collection instruments and an outline of the final evaluation report. The following topics will be covered:

- Status of evaluation logistics;
- Project background;
- Key evaluation questions and priorities;
- Data sources and data collection methods;
- Roles and responsibilities of evaluation team, and
- Outline of the final report.

#### Individual Interviews:

Individual interviews will be conducted with the following (final interview schedule will be developed by the evaluation team):

- a. USDOL Project Manager in Washington
- b. ILO Staff in Geneva and RO / SRO-Bangkok, as well as project staff in Phnom Penh.
- c. Selected individuals from the following groups:
  - Workers and employers who have participated in project activities
  - GMAC, unions, and ministry representatives that have received training or otherwise worked with the project.
  - Labor Ministry, Ministry of Commerce and other government staff who have worked with the project
  - US Embassy in Phnom Penh
  - BFC donors
  - UNDP
  - International buyers
  - Others organizations and groups as needed

#### Field Visit:

Meetings will be scheduled in advance of the field visits by the ILO project staff, in accordance with the evaluator's requests and consistent with these terms of reference. The Team Leader will conduct all interviews at these sites and will determine if it is appropriate for other evaluation team members to be present. The field visit will include a ½-day factory visit.

#### Debrief in Field:

On the final day of the field evaluation, the Team Leader will present preliminary findings to the ILO project staff and if time permits, a debriefing will be held for employer, government, and union representatives.

#### Post-Trip Meeting:

Upon completion of the report, the Team Leader will provide a debriefing to ILAB and the ILO on the evaluation findings, conclusions, and recommendations as well as the evaluation process.

## VI. DURATION AND MILESTONES

The following is a schedule of tasks and anticipated duration of each. The duration and milestones are included in both sets of TOR (Garment Sector Working Conditions Improvement in Cambodia Project, and Labor Dispute Resolution in Cambodia Project) and are calculated separately for both projects. The total number of working days for both evaluations together is 43 days.

<b>Tasks</b>	<b>Work Days</b>	<b>Due</b>
Preparatory Research	3	Before trip
Field Research (incl. Travel)	12	March 2 – 23, 2007 <sup>37</sup>
Draft Report	6	May 6, 2007
Finalization of Document 2 including debrief	2	May 18, 2007
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	23	—

## VII. DELIVERABLES

1. Pre-evaluation TPM with USDOL/OFR project manager, OFR Evaluation Coordinator, and ILO (via conference call), to discuss roles, responsibilities, and TOR;
2. Draft report submitted to USDOL and ILO, and
3. Final Report, original plus 5 copies, will be submitted to USDOL and ILO within three days after receiving final comments from USDOL and ILO. The final report should also be submitted to USDOL and ILO electronically.

## VIII. REPORT

Before the end of the field visit, the Team Leader, USDOL/OFR Project Manager, and ILO representative will consult and come to consensus on an outline of a draft report and will review key Findings and Conclusions.

The Team Leader will complete a draft of the entire report following the outlines below. The final version of the report will follow the format below (page lengths by section illustrative only) and be no more than 20 pages in length, excluding the annexes:

1. Title page (1)
2. Table of Contents (1)
3. Executive Summary (1)
4. Acronyms (1)
5. Background and Project Description (1-2)
6. Purpose of Evaluation (1)
7. Evaluation Methodology (1)
8. Project Status (1)

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<sup>37</sup> The evaluation of the Garment Sector Working Conditions Improvement in Cambodia Project is scheduled to take place from 7-14 March 2007.

9. Findings, Conclusions, and Recommendations (no more than 15 pages)  
This section's content should be organized around the TOR questions, and include the findings, conclusions and recommendations for each of the subject areas to be evaluated.

Annexes:

- Terms of Reference
- Strategic Framework
- Project PMP
- Project Workplan
- List of Meetings and Interviews
- Evaluation Protocols
- Any other relevant documents

## ANNEX 2

### **Independent Final Evaluation Better Factories Cambodia Project**

#### **LIST OF PERSONS MET**

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##### **ILO-Geneva**

1. Mr. Giuseppe CASALE, Chief, Social Dialogue, Labour Law and Labour Administration Branch
2. Ms. Ros HARVEY, Chief Technical Adviser (CTA), Global Better Work Programme (former CTA of Better Factories Cambodia)
3. Ms. Shauna OLNEY, Coordinator, Equality, Migrant Workers, Indigenous and Tribal Peoples' Team, International Labour Standards Department (NORMES) (former technical backstopper for Better Factories Cambodia and Labour Dispute Resolution Project)
4. Ms. Corinne VARGHA, Senior Labour Relations and Labour Law Specialist, Social Dialogue, Labour Law and Labour Administration Department (DIALOGUE)
5. Mr. Raghwan RAGHWAN, Senior Specialist in Workers' Activities, Bureau for Workers' Activities (ACTRAV) (former Specialist in Workers' Activities, SRO-Bangkok)
6. Mr. Rafael GIJON, Senior Specialist in Employers' Activities, Bureau for Employers' Activities (ACT/EMP)
7. Mr. William SALTER, Officer in Charge, Conditions of Work and Employment Programme (TRAVAIL)
8. Mr. Casper EDMONDS, Programme Officer, Development Cooperation Department (CODEV)

##### **RO- / SRO-Bangkok**

9. Mr. Guy THUIS, Deputy Regional Director, RO-Bangkok
10. Mr. Jiyuan Wang, Officer-in-Charge, SRO-Bangkok
11. Ms. Anne KNOWLES, Senior Specialist in Employers' Activities
12. Ms. Elsa RAMOS-CARBONE, Senior Specialist in Workers' Activities

13. Ms. Mudka SUNKOOL, Chief, Regional Programming Services

14. Ms. Suradee Bhadrasiri, Senior Programme Assistant

### **Government**

15. Mr. CHAM Prasidh, Senior Minister, Minister of Commerce

16. Mr. OUM Mean, Undersecretary of State, Ministry of Labour and Vocational Training

17. Mr. KOY Thepderavut, Director, Department of Labour Disputes

18. Mr. IN Khemara, Director, Labour Inspection Department

### **Employers' Organizations**

19. Mr. VAN Sou Ieng, Chairman, Garment Manufacturers Association in Cambodia (GMAC)

20. Mr. Ken LOO, Secretary General, Garment Manufacturers Association in Cambodia (GMAC)

### **Workers' Organizations**

21. Mr. VONG Sovann, President, Cambodia Confederation of Trade Unions; President, Cambodian Workers Labour Federation Union (CWLUFU)

22. Ms. MORM Nhim, President, Cambodian National Labour Confederation (CNC); President, National Independent Federation Textile Union of Cambodia (NIFTUC)

23. Mr. LOU Sak, Cambodian Industrial Federation (CIUF)

24. Mr. VAN Thol, Cambodian Construction workers Trade Union Federation (CCTUF)

25. Mr. HENG Bun Chhun, Cambodian Industrial Food Union Federation (CIFUF)

26. Mr. ROS Sok, Cambodian Federation of Independent Trade Unions (CFITU)

27. Mr. UN Dara, Democratic Independent Solidarity Federation (DISUF)

28. Mr. TOL Phanmoeung, National Union Federation Cambodian Workers (NUCW)

29. Mr. THACH Chanpanha, Trade Union Workers Federation of Progress Democracy (TUWFPD)

30. Mr. ATH Thorn, Coalition of Cambodian Apparel Workers Democratic Unions (C.CAWDU)

31. Mr. VONG Sovann, Cambodian Workers Labour Federation Union (CWLFU)

### **ILO Project Staff**

32. Mr. Tuomo POUTIAINEN, Chief Technical Adviser

33. Mr. Conor BOYLE, Training Manager

34. Mr. OK Vichea, Finance Assistant

35. Mr. VUTH Lyno, Communications and IT Assistant

36. Mr. CHEA Sophal, Programme Assistant, Monitoring Programme

37. Ms. Anne ZIEBARTH, Legal Consultant

38. Mr. OF Dara, Remediation Officer

39. Mr. CHUM Phally, Remediation Officer

40. Ms. NOU Pheary, Remediation Officer

41. Mr. NANG Narith, Monitor

42. Ms. YIM Pichmalika, Monitor

43. Mr. LAY You Hong, Monitor

44. Mr. CHENG Ty, Monitor

### **Donors**

45. Mr. Cullen HUGHES, Economic Growth and Environment Officer, Office of General Development, USAID Cambodia

46. Mr. Yves TERRACOL, Agence Française de Développement, Phnom Penh Office

### **U.S. Embassy**

47. Ms. Jennifer S.P. SPANDE, Economic and Labor Officer, Embassy of the United States of America

### **International Organizations**

48. Mr. Albert ZEUFACK, Senior Economist, East Asia and Pacific Region, The World Bank

49. Mr. HUOT Chea, Economist, Poverty Reduction and Economic Management Unit, Cambodia Country Office, The World Bank

50. Mr. Hin VISAL, Trade and Private Sector Analyst, UNDP

### **Factory Management**

51. Mr. Chet, Factory Manager, TY Fashion International Co., Ltd.; Tai Yar Garment Industry Co., LTD (Company based in Taipei, Taiwan)

52. Ms. Lisa LIN, Factory Manager, Island Glory Industrial Co., Ltd.

### **Buyers' Representatives**

53. Mr. LENG VannChhai, Project Manager, Global Partnership, Sourcing and Vendor Development, GAP International Sourcing Pte., Ltd., Cambodia Representative Office

### **Non-Governmental Organizations**

54. Ms. Jane O'DELL, Chief of Party, Garment Industry Productivity Center (GIPC), USAID Contractor

55. Ms. Jenny PEARSON, Director, VBNK

**ANNEX 3**

**PROGRAMME OF FINAL EVALUATION  
MISSION TO PHNOM PENH  
7 - 23 MARCH 2007**

**BETTER FACTORIES CAMBODIA PROJECT**

<b>Date/Time</b>	<b>Description</b>	<b>Participant</b>	<b>Address</b>	<b>Remarks</b>
<b>7 March 2007</b>				
7.30 -12.00 hrs	<i>Briefings with Better Factories Cambodia staff</i>	CTA and Management Admin & Finance staff Com-IT	BFC office # 9, Street 322, Sangkat BoeungkengkongI, Khan Chamkarmon, Phnom Penh. Phone: (855-23) 220 362 Fax: (855-23) 212 903 Email: betterfactories@ilo.org	
14.00 – 15.00 hrs	<i>Free Slot</i>			
15.30 – 16.30 hrs	<b>Ministry of Labour and Vocational Training</b>	<b>H.E. Um Mean</b> Under Secretary of State of labour and Vocational Training.  <b>Mr. In Khemara</b> Director of Labour Inspection Department  <b>H.E. Seng Sakda</b> Director General of Labour	<b>Ministry of Labour and Vocational Training</b> Building #3, Russian Federation, Sankat Tuk Laak II, Khan Tuol Kork, Phnom Penh. Phone: (855-23) 884 376 (855-23) 220 793	
<b>8 March 2007 ( International Women's Day – a public holiday in Cambodia)</b>				
7.30 – 12.00 hrs	<i>Briefings with Better Factories Cambodia staff</i>	<b>Monitoring Unit</b>	ILO Better Factories Cambodia	
14.00 – 15.00 hrs	<i>Briefings with Better Factories Cambodia</i>	<b>Training unit</b>	ILO Better Factories Cambodia	

<b>Date/Time</b>	<b>Description</b>	<b>Participant</b>	<b>Address</b>	<b>Remarks</b>
<b>9 March 2007</b>				
8.00 – 9.00 hrs	<i>Free Slot</i>			
10.30 – 11.30 hrs	<i>Meeting with US Embassy/USAID</i>	<b>Mr. Hughes Cullen</b> Economic growth and development officer	<b>US. Embassy</b> #1, Street 96, Phnom Penh Phone:(855-23) 728 000 Fax: (855-23) 728 600	
14.00 – 15.00 hrs	<i>Meeting with AFD</i>	<b>Mr. Yves Terracol</b> Director	<b>AFD</b> Groupe Agence Francaise de Developpement. #5, Street 106, P.O. Box 103, Phnom Penh. Phone: (855-23) 426 360 Fax:(855-23) 426 243 E-mail: <a href="mailto:terracoly@groupe-afd.org">terracoly@groupe-afd.org</a>	
15.00 – 17.00 hrs	<i>Ministry of Commerce</i>	<b>H.E. Cham Prasidh</b> Senior Minister/Minister  <b>Mr. Mean Sophea</b> Director of GSP Department	<b>Ministry of Commerce GSP Department</b> #20 A&B, Norodom Blvd, Phnom Penh Phone: (855-23) 212 319	
<b>12 March 2007</b>				
7.30 – 14.00 hrs	<i>Factory Monitoring Visit</i>	<b>Ms. Lisa Lin</b> , Factory Manager	<b>Island Glory Industrial Co., Ltd.</b> Khan Russey Keo, Phnom Penh Phone: (855-23) 992 280 Fax: (855-23)992 889	
15.00-17.00 hrs	<i>Meeting with UNDP</i>	<b>Mr. Hin Visal</b> , Trade and Private Sector Analyst	<b>UNDP</b> #53, Street Paster, Chamkarmon, Phnom Penh	
17.00-18.00	<i>Meeting with IFC/MPDF</i>	<b>Ms. Elenore Richardson</b> , Consultant	<b>IFC/MPDF</b> #70, Norodom Blvd,	

<b>Date/Time</b>	<b>Description</b>	<b>Participant</b>	<b>Address</b>	<b>Remarks</b>
		<b>Ms. Karla Quizon,</b> Head of Office	Phnom Penh Phone: (855-23) 210 922	
<b>13 March 2007</b>				
9.00 – 10.00 hrs	<i>Garment Industry Productivity Centre</i>	<b>Ms. Jan B. O'Dell,</b> Programme Manager	<b>GIPC</b> No. 93, Phreah Sihanouk Blvd, 3th floor, Mild Seven Building, Phnom Penh	
10.30 -12.00 hrs	<i>VPNK training Centre</i>	<b>Ms Jenny Pearson,</b> Director	<b>VBNK</b> #28, Street 80/75, Sraas Chak, Khan daun Penh. Phone: (855-23) 722 115	
14.00 – 15.00	<i>Meeting with US Embassy</i>	<b>Ms. Jennifer S.P. Spande,</b> Economic Officer	<b>US. Embassy</b> #1, Street 96, Phnom Penh Phone:(855-23) 728 000 Fax: (855-23) 728 600	
15.30 -17.00	<i>BFC evaluation meeting with GMAC</i>	<b>Mr. Van Sou Ieng,</b> President <b>Mr. Ken Loo,</b> Secretary General	ILO Better Factories Cambodia	
<b>14 March 2007</b>				
13.30 – 15.30 hrs	<i>Buyer meeting H&amp;M and GAP</i>	<b>Mr. Leng VannChhai,</b> GAP <b>Ms. Lim Hong,</b> H&M	ILO Better Factories	
16.00 -17.00 hrs	<i>Meeting with World Bank Cambodia</i>	<b>Mr. Hout Chea</b> Economist, PREM-EAP  <b>Mr. Albert Zeufack,</b> Senior Economist	<b>World Bank</b> Country Office (WB) #113, Norodom Blvd, Phnom Penh Phone: (855-23) 213 538	
<b>16 March 2007</b>				
17.00 – 18.00 hrs	<i>Debriefing with BFC</i>	<b>Mr. Tuomo Poutiainen,</b> CTA <b>Mr. Conor Boyle,</b> Training Manager	<b>ILO Better Factories Cambodia</b>	
20 March 2007	<i>Union Meeting (together with LDRP)</i>	<b>Mr. Nuon Rithy,</b> Workers Education project <b>Trade Unions</b>	<b>ILO-WEP</b>	

## ANNEX 4

### Independent Final Evaluation Report

#### Performance Table from Mid Term Evaluation January 2003 to effective completion of the project end of 2005

Activities foreseen in the Project Document	Activities undertaken as per the mid term evaluation (Jan. 2003)	Activities at the end of the project (effectively end of 2005)
<u>Immediate objective 1: an independent monitoring system established.</u>		
<u>Output 1</u> : a system of external independent monitoring established and operational	Output fully achieved	Process of continuing improvement has developed the monitoring system further in particular in area of information management and reporting
Activity 1.1.1: Select and appoint 8 ILO monitors	Completed within first 6 months	Currently there are 13 monitors (3 female and 10 male)
Activity 1.1.2: Develop indicators to guide the monitoring systems	Completed “	Monitoring progress indicators are incorporated in the IMS reporting with special management reports for operations assessment
Activity 1.1.3: Develop a methodology for the monitoring visits and reporting system	Completed “	<p>Continuing improvement</p> <p>There was substantial streamlining of the monitoring system in 2004, including:</p> <ul style="list-style-type: none"> <li>▪ Introduction of a new pro-forma for reports to make them easier to use;</li> <li>▪ Review of correspondence associated with the processing of reports;</li> <li>▪ Introduction of a standard set of recommendations and the re-checking of all legal citations;</li> <li>▪ Updating recommendations to take into account Arbitration Council decisions;</li> <li>▪ Introduction of computer-based tracking for editing;</li> <li>▪ Computer training for all staff;</li> <li>▪ Training of staff on the use of the new systems and on writing in plain English;</li> <li>▪ Employment of a labour lawyer on a contract basis to edit reports and provided structured on-the-job training to monitors, including individual training and English tip sheets;</li> <li>▪ Creation of a database to track the monitoring process.</li> </ul>
Activity 1.1.4: Plan training programme and prepare training	Completed “	Continuing improvement (material development, orientation

materials for monitors		and peer facilitation process for new monitors)
Activity 1.1.5: Conduct training programme for monitors including on-site visit	Completed “	<p>Continuing improvement (orientation and peer facilitation process for new monitors), interchange with buyer audit teams and internal training programme including, training days etc.</p> <p>Staff participated in additional training and study visits in 2004-5 on:</p> <ul style="list-style-type: none"> <li>▪ Programme database system, monitoring process and training materials (National Programme Assistant); study visit to ILO Bangladesh Project funded by USDoL, 28 June – 2 July 2004)</li> <li>▪ Detecting falsification of records (National Programme Assistant and 4 monitors; training with Disney and Sears in China, 2005)</li> <li>▪ Breastfeeding (all staff; training from UNICEF and a local NGO, 2005)</li> <li>▪ Facilitation skills (all staff; in-house training, 2005)</li> <li>▪ Remediation training (4 monitors; training with Gap Inc in Vietnam, Nov 2005)</li> <li>▪ IMS training (all staff; in-house training, Nov 2005)</li> </ul>
Activity 1.1.6: Prepare a programme of visits	Completed “	On-going as per monitoring plans
Activity 1.1.7: Monitors conduct the monitoring visits and report to the CTA	Visits started June 2001 and are on-going (320 visits accomplished by 31.12.02)	On-going as per monitoring plans
Activity 1.1.8: Prepare quarterly reports on the visits and present them to the PAC	4 reports completed	On-going activity. 17 Synthesis reports generated and approved by PAC by as end of 2006. Current schedule of reporting is twice a year.
Activity 1.1.9: Disseminate widely quarterly reports on the findings of the monitors	Accomplished to date. Reports published in print and posted on the ILO website	On-going. Currently all reports are web based.
Activity 1.1.10: Present evaluation report on the monitoring system for discussion in the PAC within the framework of the mid-term evaluation.	Updated implementation report sent to PAC members	Changes in the monitoring process require PAC approval.

Activity 1.1.1.1: Organize, with PAC, one workshop to assess monitoring and reporting system before mid-term evaluation.	Regular PAC meetings held where these issues discussed, but a specific workshop was not held.	Ibid. PAC involvement essential in approving programme directions and providing support to the sustainability/transition process. This process is ongoing and coincides with the transition strategy of 2006 to 2008.
<u>Immediate Objective 2: Necessary implementing laws and regulations drafted, and workers and employers aware of core labour standards and workers' and employers' rights and obligations under the labour legislation</u>		
<u>Output 2.1: Implementing laws and regulations drafted</u>	Output partly achieved to date.	Continuing process as legal framework evolves
Activity 2.1.1: Conduct consultations with Government and social partners to identify specific issues on which implementing laws and regulations are required to give effect to the Labour Code	Consultations held; several specific issues identified (casual work, use of contracts for defined periods, piece-rate wages and hazardous work); other issues pending completion of study by local consultants and further consultations with Government.	Continuing process. The programme is represented in the 8 <sup>th</sup> Ministerial Working Group (part of Private Sector - RGC forum) and feeds into ILO work on labour law review.  See the final report part concerning the Labour laws and regulations clarified and promulgated for more details.
Activity 2.1.2: Conduct tripartite workshops to discuss best practice in the areas identified for new labour laws and regulations	Not completed	As new laws and regulations come to effect, these need to be incorporated in the monitoring process. The programme works effectively with the LDR project in this area.
Activity 2.1.3: Provide advice and drafting assistance to the MOSALVY to draft labour laws and regulations are required	Assistance provided to MOSALVY in drafting Ministerial Decree (PRAKAS no. 305) on union representation. PRAKAS issued in Nov. 2001. Advice also provided on casual workers, use of contracts of defined period and piece-rate wages.	Ibid. Labour law input from ILO are provided from ILO SRO Bangkok. The project continues to facilitate these processes as necessary.
Activity 2.1.4: Conduct tripartite workshops to discuss the new labour laws and regulations	Not completed	Ibid. A process of thematic workshops on issues of concerns has recently been commenced under the LDR project.
<u>Output 2.2: Public education and awareness programme on core labour</u>	Output only partly achieved.	The project has facilitated and provided initial support to the

standards and workers' and employers' rights and obligations under labour legislation in particular within textile and apparel enterprises.		development of support materials and to a comprehensive training programme later financed by AFD and USAID.
Activity 2.2.1: Prepare training of trainers' materials on core labour standards and the contents of the labour laws and regulations.	Not undertaken	Ibid. These materials include the Labour Law Guide and various other training and advocacy materials i.e. comic books and soap operas.
Activity 2.2.2: Conduct training courses for trainers drawn from the MOSALVY, the GMAC and the trade unions	Not undertaken. Activities scheduled in 2003.	In March 2003, 5-day training-of-trainers workshop, and subsequent 14 2-day workshops on OSH for an average of 15 factory level worker representatives each.  In March 2004. A second round of training was provided to trade union (15 June, 2004) and GMAC (16 June, 2004) OSH educators after the introduction of an OSH manual.
Activity 2.2.3 Conduct separate workshops for union members, members of the GMAC and officials of MOSALVY on core labour standards and the contents of labour legislation	Partly undertaken with limited activities. Separate briefings held with factory managers and with selected unions on the project, labour law and their role in improving working conditions at various workshops.	Ibid.
Activity 2.2.4: Prepare, produce and distribute pamphlets and publicity materials, including material for regular newspaper columns and radio broadcasts.	Media coverage extensive. Production of publicity materials and other brochures pending resolution of wages for night work.	To be added.
<u>Immediate Objective 3: Employers, workers and their organisations and Ministry of Labour officials have an increased capacity to ensure compliance with core labour standards and the labour code and to improve working conditions in the textile and apparel sector.</u>		
<u>Output 3.1:</u> Working conditions improvement plans prepared and implemented in each participating enterprise.	Not undertaken. This output will be addressed through additional funding of a separate component on "development of local remediation team for labour practices in the garment sector."	Improvement plan development is a generic part of the multi modular training methodology.
Activity 3.1.1: Training of participating owners or managers on the diagnosis, planning and implementation of improvement plans	Not undertaken- see local remediation component.	Preparations for the Modular Training Programme were made in late 2004 through following pilot training seminars in selected factories.  <u>Date and Topic</u> -23-24 Aug, 2003 Quality/ Social Dialogue and Communication

		<p>-11-12 Oct, 2003 Occupational Safety and Health  -22-23 Nov, 2003 Productivity  -10-11 Jan, 2004 Managing Human Resources for Higher Performance  -5-6 May, 2004 Review and Continuous Improvement</p> <p>The actual training started in 2005 with the following core modules:</p> <p>-Globalization and Change; January, 2005  -Workplace Cooperation; March, 2005  -Quality; May, 2005 Occupational --Health and Safety; July, 2005  -Productivity; September, 2005  -HR and Working Conditions; November, 2005</p> <p>Other training services include:</p> <p>-Single Issue Seminars  -Induction Training Kit  -Factory Based Training</p>
Activity 3.1.2: Preparation, by each of the participating enterprises, of a base-line diagnosis of the working conditions and the working environment, using guides and methodologies developed by the ILO.	Some work started. Monitoring reports provide useful baseline information. Further action will be with the local remediation component. See above.	Part of the training methodology.
Activity 3.1.3: Preparation by each participating enterprise of a working conditions improvement plan.	Not undertaken – see above	Part of the training methodology.
Activity 3.1.4: Advice and training on plans.	Not undertaken – see above	Part of the training methodology.
Activity 3.1.5: Establishment of working conditions improvement committees to follow up the implementation of the working conditions improvement plans and to maintain better conditions of work and health and safety	Not undertaken. See above	Part of the training methodology. All participating factories set up a committee to facilitate practical changes and follow up on progress.
Activity 3.1.6: Translation into Khmer of the WISE manual for the garment industry and the WISE Trainers' Manual	Not undertaken. However a pilot workshop on WISE methodology for a number of sectors, including the garment sector, was held in 2002 (financed by ILO).	The initial materials developed through the USDOL funding have evolved into a full fledged training manual and package in English, Chinese and Khmer.
Activity 3.1.7: Dissemination, through inter-enterprise meetings and publications, of the results of these activities.	Not undertaken.	Material distributed as part of monitoring and remediation efforts.
<u>Output 3.2</u> : MOSALVY officials trained in the techniques and	Activities have commenced, but not	

approaches to inspection and enforcement of core labour standards and labour law and in providing advice on improvement of working conditions and labour/management relations.	completed.	
Activity 3.2.1: Identify selection of participants, prepare training programmes and training materials	<p>Training programmes and materials for labour inspectors have been developed and endorsed by MOSALVY. Materials translated into Khmer.</p> <p>In collaboration with Labour Dispute Settlement project, training packages for conciliators have been developed (GSP project pays for 50% of the production of the packages)</p>	Completed
Activity 3.2.2: Organise and conduct three training of trainers courses	Training of conciliators being undertaken within LDSP project	Completed
Activity 3.2.3: Organise and conduct nine training workshops for labour inspectors and/or officials in the occupational safety and health department	Not yet undertaken. Programme scheduled for March 2003.	<p>OSH training was provided to 28 participants from MoSALVY on 14 June 2004.</p> <p>The curriculum development seminar was held on 25-28 October 2004</p>

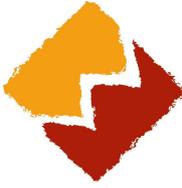
Output 3.3: GMAC and the trade unions have enhanced capacity to promote compliance with core labour standards and labour law and improvements in working conditions in the textile and apparel industry.	Outputs related to GMAC will be addressed by the new "local remediation" component. Outputs related to the trade unions will be addressed in 2003.	See other activities in this chart in particular in section 2.2
Activity 3.3.1: Training of trade union representatives on how they can participate in the monitoring and enforcement of core labour standards and labour law	Planned for 2003 in collaboration with an ILO/DANIDA project on workers' education.	See other activities in this chart in particular in section 2.2
Activity 3.3.2: Training of trainers in the GMAC, the MOSALVY and the trade unions to enable them to provide on-going training in the fields of improving working conditions and	GMAC activities to be undertaken by "local factory remediation" component. Trade union activities to commence in	See other activities in this chart in particular in section 2.2. Factory level union, shop steward and management training was incorporated into the participatory

preventing accidents.	2003.	training methodology. Institution level training has been addressed through various other training and capacity building sessions.
Activity 3.3.3: Support to the GMAC and the trade unions to enable them to provide advice and assistance on improving conditions of work and preventing accidents.	Support to GMAC foreseen under “local remediation” component. Support for both GMAC and trade unions provided through materials translated into Khmer and Chinese and distributed to all factories (Basic Safety and Health Policy and Assessment checklist)	Ibid. GMAC and Union orientation and briefing sessions have been operated regularly through out the project.





## ANNEX 5



BETTER WOR

### Programme Information

#### Background

Better Work is a unique partnership program between the International Labour Organization (ILO) and the International Finance Corporation (IFC). Launched in February 2007, it aims to improve labour standards and competitiveness in global supply chains. Better Work involves the development of both global tools and country level projects. The focus is on scalable and sustainable solutions which build cooperation between government, employer and worker organizations, and international buyers.

Improving labour standards in global supply chains is an important part of a pro-poor development strategy. Ensuring workers' rights and entitlements are protected help distribute the benefits of trade. Better Work supports enterprises in implementing the ILO core international labour standards and national labour law. This helps enterprises compete in global markets where many buyers demand compliance with labour standards from their suppliers. Improved labour standards also helps enterprises be more competitive through higher productivity and quality. These benefits help build the business case and supplier support for improved labour standards.

#### Global Level

Better Work is developing practical tools to help enterprises improve their labour standards and competitiveness. Some of these tools are:

- *A global portal* designed with end-users in mind. Information will be accessible by language, country and industry sector. As projects are rolled out in different countries and sectors, the tools will be adapted and made available through the global portal. The portal will also support virtual communities of practice to involve stakeholders in program development.
- *A compliance needs assessment* against core international labour standards and national labour law. The assessment also allows enterprise to track the impact of improving labour standards against quality and productivity indicators.
- *Training resources* including a 12-month modular training programme, single issue seminars, induction training kits, and first-level supervisor training.
- *Worker awareness raising on rights and responsibilities* using innovative techniques such as soap operas and comic books
- *Work books for mini projects* to address common problems in enterprises targeted to small and medium size enterprises
- *Model policies and procedures* and good practice guides on a range of needs often found in enterprises;
- *Information Management System (IMS)* that can capture information on compliance and remediation efforts. This system will also be adapted to support self-assessments, country projects and public sector labour administration.

Better Work tools are designed to be practical, easy to use, and to focus on benefits for employers and workers through better workplace cooperation. They will be made available globally and adapted for use in different sectors as part of country projects. More tools will be developed as the programme unfolds.

A small global team will support the ongoing development and roll out of Better Work. Its job will be to develop and support country projects. The team will also be responsible at a global level for managing impact assessment reporting, knowledge management, coordination, stakeholder engagement, ongoing quality control, resource mobilisation, strategic management and policy advice. Most tools and resource development will be done in country projects.

## Country Level

Country projects typically combine independent enterprise assessments with enterprise advisory and training services to support practical improvements through workplace cooperation. This is done through creating industry-based schemes designed to work at the enterprise level. Through the use of the Better Work Information Management System (IMS) enterprises can share factory information with their buyers. This in turn allows buyers to reduce their own auditing and redirect resources to fixing problems and sustainable solutions. The key to success is the support of the relevant employers' and workers' organizations, the national government and international buyers.

Better Work projects are designed to work closely with existing IFC and ILO initiatives particularly those focusing on capacity building in the private sector, public sector labour administration, and for employers' and workers' organizations. Each Better Work project will consider in detail how it can support the work of the ILO and IFC in these areas during the design stage.

Better Work country projects will work with partners to deliver its training. Training is adult-centred and combines class-room based training with enterprise advisory services. It has been designed to maximise the impact of training through support for implementation at the enterprise level.

A reputation for quality and positive impact will be the basis of success. The skills of trainers and enterprise advisors are critical. They will need to be well trained and supported including continuous professional development opportunities. *Better Work* will establish certificated training programmes for trainers and enterprise advisors, a support network, an inter-active web-based community of practice to support practitioners and a professional development programme for these target groups.

Country projects are designed to be sustainable and of a significant scale. The objective is to build sustainable independent organizations that will continue after funding has stopped. Typically this means that within five years the projects are expected to become self-financing. ILO and IFC work together to mobilise necessary resources for country projects. The global programme will be responsible for ongoing quality control once country projects are independent.

Better Work is currently designing three pilot projects for Vietnam, Jordan and Lesotho for implementation in late 2007. These projects alone will directly benefit over 800 000 workers. ILO and IFC is now working on a strategy for adding projects in different countries and sectors as part of a five year roll out.

## Impact measurement

Measuring the impact of Better Work is of high importance. The IFC and ILO are designing a comprehensive monitoring and evaluation framework with indicators that include:

- labour standards compliance;
- productivity and quality performance;
- economic figures such as employment, foreign direct investment, and exports;
- human and social development.

An interdisciplinary team from Tufts University is designing a framework for Better Work to measure impact at the factory, industry, country and global level. In addition, the Tufts team will be conducting a controlled experiment with factories in Vietnam that will show the causal relationship between Better Work interventions at the factory level and economic, social, and human development outcomes. Building the business case for improving labour standards is an important part of the overall strategy. Better Work will continue to publicly name factories and their progress on implementing suggestions for improvement as part of country projects.

## ILO and IFC Strengths

Better Work builds on the respective strengths of the IFC and the ILO. The IFC is the private sector financing arm of the World Bank. It recently adopted performance standards on labour for its investment clients. The ILO is the specialised labour agency of the United Nations. Better Work combines expertise of the ILO in social dialogue, labour standards and their application, with those of the IFC in private sector development. As international organisations they bring strong credibility and experience to the programme.

## Next Steps

In the first stage of the program, there will be three pilot country projects -- in Vietnam, Jordan and Lesotho. After initial implementation of these projects, Better Work will expand to other countries. Country projects adapt the global tools, and develop new ones, which in turn will be made available to the global Better Work community. It is through this process that Better Work tools will be adapted and developed for different sectors. Therefore the choice of countries and sectors for country projects is very important. Better Work intends to develop projects in sectors such as agribusiness, textile and apparel, light manufacturing, transport, construction, and electronics. IFC and ILO have been approached by multiple countries interested in participating in Better Work and will develop regional strategies to ensure effective and logical roll-out. One such example is the planned expansion into African agribusiness in 2008.

For more information see [www.betterwork.org](http://www.betterwork.org) or contact Global Programme Manager, Ros Harvey at [Harvey@ilo.org](mailto:Harvey@ilo.org).