



## ILO EVALUATION

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**This evaluation has been conducted according to ILO's evaluation policies and procedures. It has not been professionally edited, but has undergone quality control by the ILO Evaluation Office**

**Mid-term evaluation:  
Better Factories Cambodia**

**Opening a new chapter:  
Sustaining impact, outcomes  
and capacities**

**EVALUATION REPORT**

*March-May 2018*

*Don Clarke and Sok Somith*

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## ACRONYMS AND ABBREVIATIONS

AAFA	American Apparel & Footwear Association
ACT	Action, Collaboration, Transformation
AIP	AIP Foundation (no acronym available)
ASEAN	Association of Southeast Asian Nations
BFC	Better Factories Cambodia
BMZ	Federal Ministry for Economic Cooperation and Development
BWG	Better Work Global
CAT	Compliance Assessment Tool
CGTI	Cambodia Garment Training Institute
CMT	“cut-make-trim”
CPO	Country Programme Outcome
CTA	Chief Technical Advisor
ETI	Ethical Trading Initiative
FDC	Flexible Duration Contract
FoA	Freedom of Association
GDI	Gender Development Index
GDP	Gross domestic product
GII	Gender Inequality Index
GMAC	Garment Manufacturers Association in Cambodia
HDI	Human Development Index
IDP	International Development Partner
IFC	International Finance Corporation
ILC	International Labour Conference
IR	Industrial Relations
ITUC	International Trade Union Congress
LAC	Labour Advisory Committee
LDP	Leadership Development Programme
LSGSC	Labour Standards in Global Supply Chains Project
M&E	Monitoring & Evaluation
MEF	Ministry of Economy and Finance
MOC	Ministry of Commerce
MOLVT	Ministry of Labour and Vocational Training
NSDP	National Strategic Development Plan
NSPS	National Social Protection Strategy for the Poor and Vulnerable (NSPS)
NSSF	National Social Security Fund
OSH	Occupational Safety and Health
PAC	Project Advisory Committee
PICC	Performance Improvement Consultative Committee
PRAKAS	Cambodian government regulation
RGC	Royal Government of Cambodia
SEZ	Special Economic Zone
SNEC	Supreme National Economic Council (SNEC),
STAR	Supply-chain Tracking of Assessment and Remediation
TPR	Technical Progress Report
UDC	Unlimited Duration Contract
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
WTP	“Working and thinking politically”

# 1. EXECUTIVE SUMMARY AND RECOMMENDATIONS

## 1.1 Overview

Since its establishment in 2001 in the context of the then U.S.-Cambodia Bilateral Textile Agreement, Better Factories Cambodia (BFC) has been an important actor within Cambodia's garment sector. The female dominated sector currently accounts for some 80 percent of the country's exports and 6 percent of its total workforce.

The current BFC strategic phase 2016 – 2018 is guided by an overall strategy document, "Increasing Impact and Institutional Sustainability, 2016-2018," which was developed through a comprehensive consultation with BFC stakeholders. The strategy aims to contribute to improving the lives of at least 500,000 workers,<sup>1</sup> their families, communities and competitiveness in the Cambodian garment and footwear factories by (i) continuing to improve and expand current "in-factory" work; (ii) boosting institutional sustainability for the programme; (iii) building stronger partnerships for influence and impact; (iv) strengthening the BFCs knowledge base, communication and awareness strategies; and (v) enhancing the BFC's own governance, viability and management.

The mid-term evaluation was conducted in a rapidly changing national context which *inter alia* included upcoming national elections in July 2018, with the situation of garment workers central in the election campaign; an ongoing national focus on LDC graduation and SDG implementation; the acceleration of ASEAN integration under the ASEAN Economic Community (AEC); ongoing public sector reform under the National Programme for Administrative Reform; upcoming formulation of the next 5-Year Plan of the Ministry of Labour and Vocational Training (MOLVT); the development with active BFC participation of a national garment sector strategy; ongoing public discussion concerning the impact of Cambodia's 2016 Trade Union Law; and revision of Neary Rattanak IV (Cambodia's national gender strategy).

In addition, from ILO/BFC programme perspectives, 2018 will see an evaluation of the Cambodia DWCP 2016-2018 and development of the next DWCP; the development of the next UN Development Assistance Framework (UNDAF); the completion of the BFC/Tufts University impact assessment of BFC (end of 2018); and emerging new BFC strategic partnerships, including with the Ministry of Economy and Finance (MEF) and Asian-based international manufacturing and investor groups.

The mid-term evaluation was conducted in March and April 2018 by a team consisting of one international evaluator and a national consultant. Its core components were a 10 day field mission for consultations with local stakeholders and BFC staff; an extensive desk review, including previous evaluations and reviews; and interviews with ILO specialists and Better Work staff in Bangkok and Geneva. While covering all outcomes under the current BFC project document, the evaluation had a particular focus on the quality and future directions of stakeholder relations. Following is a summary of main findings:

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<sup>1</sup> The estimated number of workers in the sector at the time the strategy was finalized. The current (June 2018) number is estimated to be about 600,000 workers (650,000, if footwear and travel goods' workers are included).

## 1.2 Relevance to Cambodian policy priorities and needs

At the policy level, there is a clear and specific alignment of BFC objectives and priorities to the National Strategic Development Plan (NSDP), Industrial Development Policy (IDP), National Employment Policy (NEP), ratified international labour standards, SDG commitments, UNDAF and the DWCP 2016-2018 (approved and signed by Cambodia's tripartite constituents).

Stakeholder feedback universally affirmed the continued (and in fact renewed) relevance of BFC's role and presence in Cambodia after 17 years. The sense of renewed relevance was linked by several stakeholders to a range of factors. Standing out amongst these were the success of BFC's role with respect to development of the national garment sector strategy; the growing evidence made publically available of improvements in garment sector working conditions which are attributable to BFC engagement; emerging new stakeholder relationships; and BFC's advocacy and facilitation role in mobilizing stakeholders to act collectively on the workers' transportation crisis.

## 1.3 Efficiency of programme use of resources

Evidence provided by interviews with BFC staff, review of BFC documents and previous evaluation findings indicates that BFC income and expenditure is well monitored and applied transparently in line with the requirement of programme outcomes and outputs. Adjustments for emerging needs (such as growing demand for advisory and training services) are anticipated and accounted for in budget planning. The evaluation further found evidence of rigorous internal attention to value-for-money considerations.

The major efficiency issue highlighted in consultations concerned lack of flexibility in the operational capacities of STAR, the IT backbone of the compliance monitoring system, echoing feedback in the evaluation of Better Work (Global) Phase III.

## 1.4 Programme and management effectiveness

In the 2016-2018 period to date, BFC has demonstrated significant progress in implementing the current strategy and project document, while at the same time incorporating important new initiatives such as the strategic facilitation role around the garment sector strategy and opening of relations with international manufacturing groups and investors.

**Stakeholder relations:** A cornerstone of programme effectiveness, as well as impact and sustainability, is the quality of stakeholder relations. Central to BFC's mandate and delivery is its relationship with the MOLVT. Overall, the assessment of this report is that the strengthening of this core relationship remains work in progress and needs to be prioritized further in the next BFC strategic phase. In the meantime, important steps have been taken during the current strategic phase to strengthen BFC/MOLVT collaboration within the framework of the Garment Sector MOU. These include the development of an improved MOLVT inspection check list; agreement on a Joint Action Plan which prioritizes a concerted focus on low compliance factories; the initiation of ILO training on strategic compliance planning; and the planned introduction in 2018 of OSH inspection training under the Better Work Academy.

Also critical to BFC's success is its effective relationship with Cambodia's Ministry of Commerce (MOC). As well as being the licensing ministry for garment sector exports, MOC sees BFC as instrumental in improving work conditions in the sector and a cornerstone of the country's trade agenda.

Relations with garment sector employers under the auspices of GMAC are on a sound, open and robust footing, with potential for expanded cooperation around GMAC's Cambodia Garment Training Institute (CGTI). Important steps have been taken to strengthen BFC's engagement with Cambodian trade unions through the much-welcomed establishment of the BFC trade union contact group, supplementing the three trade union representatives on the Project Advisory Committee.

At the same time, a significant new strategic relationship has been developed in the context of the garment sector strategy process with the Ministry of Economy and Finance (MEF). This will be expanded in the next strategic phase as the focus moves to implementation (with lessons for ILO engagement beyond traditional core ministries of labour more widely). Significant and innovative new relationships are also in the process of being developed with Asian-based international manufacturing/investor groups, which will add further leverage for change at factory level. In addition, (i) further important stakeholder relations are emerging with UN Women and CARE; (ii) the relationship at country level with the International Finance Corporation (IFC) has potential for reactivation around the sector strategy; (iii) potential exists for developing relationships in line with BFC's mandate with UNDP and the Ministry of Women's Affairs; and (iv) there is scope for revitalizing collaboration with the BMZ/GIZ project labour inspection capacity development project.

**Programme design:** The evaluation further found that the core documents underpinning and guiding BFC planning and programme delivery in the current phase were well aligned with the realities of both the Cambodian context and BFC capacities. The overall high level of completed and likely to be completed outcomes and outputs validates this assessment. Feedback from internal and external stakeholders conveyed a clear sense of a "positive" energy organization underpinned by shared directions and priorities; a strong results focus (linked to agreed objectives for the current phase and an active monitoring regime); and a continuous learning orientation which is increasingly using BFC's rich database as a driver for change.

**Gender mainstreaming:** Significant steps have been taken in the current phase through the development of the gender strategy and associated theory of change and action plan, as well as new research and publications, staff training and initiatives in areas including sexual harassment in the workplace. Building on BFC's strong progress (and its role as a leader in this respect within Better Work globally), the next strategic phase offers scope to continue this momentum in partnership with others, accompanied by a more comprehensive embedding of gender markers and requirements across all aspects of the new project document at outcome, output, indicator and target levels.

**Integration within the Cambodia DWCP 2016-2018:** Strengthening synergies with other elements of ILO engagement in Cambodia under the DWCP has been a priority for BFC during this current phase. Several good examples were demonstrated in areas such as strategic compliance planning, gender equality and minimum wage data gathering and monitoring. The DWCP document itself strongly integrates BFC into the wider ILO framework under six out of nine outcomes. Feedback from external and ILO interlocutors indicated that scope nonetheless exists for a continued expansion of synergies and collaboration, including with respect to trade union and employer association capacity support. Scope also exists for strengthening strategic linkages and synergies between core ILO programming areas at regional level, which in turn would reinforce such developments at country level, including in Cambodia.

## 1.5 Impact and sustainability

Several independent research studies have been carried out and published on the impact of BFC



(refer Annex 7). To provide further insights and evidence of impact, BFC has commissioned an independent country-level impact assessment by Tufts University and Indochina Research. This will be available by the end of 2018 and aims to quantify impact on workers, firms, families and communities. Baseline data gathered as part of the assessment was released publically in January 2017.<sup>2</sup>

Existing available findings in the meantime indicate that BFC's contributions over 17 years have made a significant difference in terms of the programme's purpose and objectives. Recognizing that BFC's work remains "unfinished," the programme has been shown to have (i) played a major role in sustaining the overall growth of Cambodia's garment industry, despite the downturn during the global financial crisis of 2007-2008; (ii) contributed to improvements in the lives of approximately 2.4 million Cambodians dependent on garment sector earnings (at least three other family members for each garment sector worker); (iii) created a level playing field for labour across all Cambodian garment exporting factories; (iv) influenced business practices through leveraging factory data to drive improvement and becoming a core element in the risk management strategies of international brands/buyers; (v) made Cambodia's garment factories safer overall; (vi) contributed to the virtual elimination of child labour in the sector; and (vii) ensured that workers are receiving the correct levels of wages and social protection benefits .

A key factor in the strengthening of BFC impact on factory performance in the past five years has been the reintroduction in 2014 of public disclosure of factory compliance via the BFC transparency database. Available data since the reintroduction of the database shows a significant reduction in the percentage of low compliance factories and the overall number of violations of the BFC's 21 critical issues.<sup>3</sup>

At the same, the data analysis indicates that while low compliance factories take actions to increase compliance prior to be listed in the transparency database, once on the database their performance seems to stagnate or deteriorate. This observation reinforces the importance of steps being taken by BFC (and by Better Work more broadly) to seek strategic entry points to stimulating momentum for ongoing improvements, so that the businesses themselves embrace and drive change to meet their own business imperatives, bringing benefits to all concerned.

The evaluation found that BFC, linking closely to wider Better Work approaches, has responded proactively to this challenge through a range of initiatives. These include the recent reaching out to international manufacturing/investor groups active in Cambodia (JDU/Roo Hsing and Chrystal as initial/pilot relationships); the intensification of engagement with brands and buyers, including in fora outside Cambodia (e.g. Hong Kong/China); the emphasis on extending and strengthening advisory and training services; the increasing focus on women's leadership, voice and representation (shown to be a key factor in factory-level change); increased engagement with trade unions in the sector; increased attention to systematic data analysis to enhance policy initiatives and drive the improvement of organizational performance; and an internal focus on developing an organizational culture and staff skills base which emphasize "drivers of change" and systems approaches to underpin an ongoing shift from compliance per se to systemic change.

At the same time, a recurrent theme in stakeholder consultations was the issue of BFC's long-term future in Cambodia. While generally affirming BFC's positive contribution to Cambodia's garment

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<sup>2</sup> Tufts University in collaboration with Indochina Research. (January 2017). Assessing the impact of Better Factories Cambodia: Results from worker and manager baseline surveys. The final findings will be available by the end of 2018.

<sup>3</sup> Robertson, Raymond (2018) "Lights On: Public Disclosure and Compliance: Evidence from Better Factories Cambodia," forthcoming Better Work Discussion Paper

sector over 17 years, as indicated, all stakeholders interviewed also noted the need to be looking ahead to long-term options which sustain BFC's outcomes, impact and capacities. None advocated a rapid change to current arrangements, acknowledging that the necessary capacity and credibility does not yet exist within the public inspection service to meet international requirements and key stakeholder interests. In this context, ongoing prioritization of the BFC/MOLVT relationship remains critical, as stated above.

Accordingly, this evaluation advocates a "crossing the river one stone at a time" approach to long term sustainability, building on the key lessons and good practices summarized in the report (refer Section 10 for a consolidated overview); stepping-up research on viable institutional options; and increasingly focusing on tapping into BFC's acknowledged "convening power" to address systemic issues within the sector.

These and other considerations are reflected in the report's recommendations.

## 1.6 Summary of recommendations

Drawing on the above summary of key findings, the following recommendations are made to advance the relevance, effectiveness, efficiency, impact and sustainability of BFC in the context of the Cambodia DWCP and other country conditions, as well as the global framework provided by Better Work and other ILO programmes.

Each recommendation is elaborated in detail in Section 11 of this report with respect to key implementation components, lead implementing entity, budget implications and timing.

**Recommendation 1:** Continue examination of institutional, legal, financial and operational arrangements to inform decision-making on long-term sustainability of BFC impact, outcomes and capacities.

**Recommendation 2:** Continue to prioritize the BFC relationship with MOLVT in the next strategic phase, building on the current Joint Plan of Action with a focus on enhancing BFC/MOLVT strategic complementarity; strengthening strategic compliance planning and OSH capacities; and linking to the development and implementation of the next MOLVT 5-Year Plan.

**Recommendation 3:** Beyond BFC's core relationships, pursue expanded and new partnerships as part of BFC sustainability and impact-enhancing efforts, with particular priority in this respect on new relationships with the Ministry of Economy and Finance (MEF), international manufacturing and investment groups, United Nations counterparts and selected international NGOs.

**Recommendation 4:** Continue to prioritize systematic and sustained attention to gender mainstreaming in all aspects of BFC planning, implementation, M&E and learning, with focus in current period on addressing sexual harassment, pregnancy rights, women in leadership and influencing gender policy agendas.

**Recommendation 5:** Continue to strengthen synergies, linkages and mutual reinforcement under the Cambodia DWCP between BFC and other aspects of ILO's engagement in Cambodia, in line with Better Work Global developments in this respect.

**Recommendation 6.** Continue to strengthen the strategic impact of BFC's policy influencing, facilitative and convening roles, with focus on implementation of the garment sector strategy and resolving the worker transportation crisis.

**Recommendation 7:** Continue focus on strengthening BFC governance, leadership, management, staff and institutional capacities, with underlying focus on 'drivers of change' and systems approaches.

**Recommendation 8:** Establish an appropriately constituted mechanism to consider and resolve differences in interpretation amongst stakeholders on legislative and legal matters.

# SECTION A: BACKGROUND

## 2. OVERVIEW OF MID-TERM EVALUATION METHODOLOGY

### 2.1 Background

The frequency and breadth of recent evaluations and research studies, including data collected on efficiency, effectiveness and relevance of the programme (with a focus on core services and gender equality), have been a key factor in the design of the current mid-term evaluation. Every effort was made in the evaluation process to avoid duplication of data collection and analysis by using the existing documentation as both a core reference and “spring board” for fresh analysis and findings.

Previous research conducted by BFC has included the impact of public disclosure of assessment findings, firm resilience during the 2010 economic crisis and the status of women and gender issues in the garment sector. BFC is further currently conducting an impact study of its engagement in Cambodia with Tufts University and Indochina Consultants. This will be completed by the end of 2018 and *inter alia* is measuring the impact of its services on working conditions, firm performance, worker wellbeing and the families and communities. This study is part of the Better Work Global’s larger impact strategy carried out in partnership with Tufts University.<sup>4</sup>

In this context, this evaluation followed a cluster approach, examining the work of BFC as a whole, while recognizing that a portion of the funding has been provided by three principle donors. The evaluation used blended qualitative and quantitative techniques to data collection from multiple sources to enable the triangulation of data and feedback and underpin/verify the validity of findings.

Given the predominance of women in Cambodia’s garment sector workforce, particular attention was given to gender considerations throughout the methodology, deliverables and final report of the evaluation. Gender concerns were addressed in accordance with ILO Guidance note 4: “Considering gender in the monitoring and evaluation of projects.” The different needs of women and men and of marginalized groups encompassed by the programme were considered throughout the review process.

### 2.2 Scope and purpose of mid-term evaluation

The mid-term evaluation covered the current strategic phase of the BFC programme, from 2016-2018. As noted elsewhere, implementation of the programme in this period was underpinned by two core documents : (i) BFC Strategy 2016-2018: Increasing impact and institutional sustainability, and (ii) BFC Project Document, work plan (updated January 2018) and monitoring framework 2016-2018. Given the high degree of continuity between BFC strategy and programme documentation over several phases, the evaluation inevitably drew on previous implementation experience, progress, lessons and developments.

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<sup>4</sup> Robertson, Raymond (2018) “Lights On: Public Disclosure and Compliance: Evidence from Better Factories Cambodia,” forthcoming Better Work Discussion Paper

The overarching purpose of the evaluation was to improve programme delivery and accountability . To ensure a clear focus and enable a fresh set of findings and recommendations to emerge in the context of existing analysis and findings, the evaluation concentrated its attention on BFC's engagement with stakeholders as a key aspect of BFC's long-term sustainability orientation (Strategy Outcomes 2, 3, and 4).

At the same time, the evaluation's status as a mandatory independent mid-term process requires all outcomes to be covered, as reflected in this report. The intention is that evaluation findings and recommendations will be used by national constituents, BFC / Better Work and the ILO as a whole to both adjust the current programme strategy as required and inform the design of the next strategic phase, from 2019.

## **2.3 Methodology**

In the above context, the key elements of the mid-term evaluation were as follows:

### 2.3.1 An extensive document review

Details of documentation reviewed are set out in Annex 7.

### 2.3.2 Field/stakeholder interviews and focus groups

Stakeholder interviews and focus group discussions followed a semi-structured approach, based on the sets of core and detailed questions outlined in Annex 9. As indicated above, the use of pre-existing data, information, analysis and findings was optimized to avoid duplication with previous and current work. Details of focus group and one-on-one meetings conducted as part of the consultation process are set out in Annex 8.

### 2.3.3 Validation meeting with key stakeholders

The preliminary findings and recommendations of the evaluation were presented to the May 18 2018 meeting of the tripartite BFC Project Advisory Committee, which is chaired at senior level by the MOLVT. Feedback from the discussion is reflected in this report.

### 2.3.4 Accountabilities and standards

The lead evaluator reported to the Evaluation Manager, Ms. Pamornrat Pringsulaka, Regional Monitoring and Evaluation Office in ILO Regional Office for Asia and the Pacific. The evaluation manager managed the evaluation process and reviewed evaluation reports to ensure compliance with the ILO quality requirements. The Evaluation Office in Geneva (EVAL) carried out a quality assurance assessment of the final draft report prior to providing final approval.

BWG and BFC teams provide administrative and logistical support during the evaluation mission. This included organizing a detailed evaluation mission programme and ensuring that relevant documentation was up-to-date and accessible.

The evaluation was carried out in adherence with the ILO Evaluation Framework and Strategy; ILO policy guidelines for evaluation ("Principles, rationale, planning and managing for evaluations" (3rd ed. August 2017); UN Evaluation Group Norms and Standards, Ethical Guidelines and Code of Conduct; OECD/DAC Evaluation Quality Standards.

### 2.3.5 Core evaluation questions

The following underpinning questions were adapted from those set out in the ToR for this mid-term evaluation, taking into account the overview, analysis of key issues and tentative findings in the

Inception Report. The questions and means of examination and verification are further elaborated in Annex 9.

- i. Are the interaction and delineation of roles/responsibilities between BFC and Decent Work Country Programme (DWCP), and other relevant ILO projects and ILO specialists, clear and effective in achieving the influencing agenda goals of the programme?
- ii. What are the possible changes in BFC programme strategy or implementation that are needed in order to achieve BFC objectives (i) in the current phase and (ii) in the longer term (after 2018)?
- iii. Are core programme partners (government, employers and unions) committed to BFC objectives and able to fulfil the roles expected in the programme strategy? What is the state of current BFC/core stakeholder relations, what challenges/obstacles need to be addressed, including with respect to capacity gaps and needs?
- iv. Is there a need to reallocate resources or adjust activities in order to achieve the BFC's immediate objectives? Are resources sufficient for the remaining project period?
- v. What are the gender issues that the programme needs to be addressing (i) for the remainder of the current phase and (ii) in the next phase? What progress has been made to date in this regard? What lessons have been learnt? How is the gender dimension of the programme viewed by stakeholders (core and emerging)? What particular opportunities and challenges exist in this context?
- vi. How effectively has the project leveraged resources (e.g., by collaborating with non-BW initiatives and other ILO initiatives)?

#### 2.3.6 Limitations of evaluation

This evaluation was designed as a mid-term process, with an appropriately tailored terms of reference that focused in particular on the current status of stakeholder relations, while also encompassing the full range of outcomes of the current BFC strategic phase. Due to the in-country absence of key members of the BFC Project Advisory Committee, and heavy schedules during the field mission period of several key stakeholder representatives, it proved to be not possible to convene validation meetings with stakeholders and BFC staff at that time. This need was subsequently addressed through an opportunity to present the draft evaluation findings and recommendations to a meeting of the BFC Project Advisory Committee (PAC) in Phnom Penh on 18 May, 2018. The feedback from that meeting is reflected in the final report.

Noting that BFC is a much evaluated entity, it is suggested that the timing, scope and depth of the process behind this current report would appear to cover the requirements of the proposed end-of phase evaluation later in 2018.

## **3. OVERVIEW OF BFC COUNTRY ENVIRONMENT**

### **3.1 Graduation from LDC status a key driver**

While Cambodia graduated from Low Income Country (LIC) to Lower Middle Income Country (LMIC) in 2014-015,<sup>5</sup> it remains a Least Developed Country (LDC) under the United Nations and World Trade Organization system which takes into account three broad criteria – Gross National Income per capita, human assets and economic vulnerability. One implication of LDC status is that Cambodia retains trade privileges under schemes such as the European Union’s “Everything But Arms” policy, which grants LDCs duty-free and quota-free access to the EU. Access to the US market (under the Generalized System of Preferences in the case of travel goods) will also continue for the foreseeable future. This is important not only for the existing garment and footwear industry, but also now for emerging travel goods manufacturing. The Garment Manufacturers Association in Cambodia (GMAC) reported a modest rebound in exports to the US for the first half of 2017, which GMAC attributes in part to the benefits of these new trade privileges.

### **3.2 Progress in addressing poverty and inequality**

Despite many challenges in recent years, Cambodia has resumed strong economic growth, achieving a significant rise in living standards, albeit from a very low base. While poverty and inequality remain important concerns, significant achievements have been made in reducing both during the past decade. Between 2007 and 2011, the poorest quintile’s share of consumption improved from 6.85 per cent to 8.98 per cent. Since 2007, Cambodia’s Gini Index has also moved rapidly towards equality. However, average real wages in manufacturing and services were affected by the 2008 global financial crisis, which undermined gains of the preceding 20 years. Real wage growth has resumed since 2009, and has been especially strong in agriculture.

### **3.3 Broadening economic base a priority**

Cambodia remains an agrarian economy, with more than 80 percent of the population living in rural areas. Economic development remains narrowly based – dependent on garments, tourism, rice, and construction, and export markets fall within a narrow range. As detailed in this report, Cambodia’s garment and footwear sector plays a pivotal role in the Cambodia’s economy, being the largest formal employment provider. This dependence on a narrow economic base leaves Cambodia vulnerable to shocks, with limited capacity to diversify industrial production and move out of its low-wage, low-productivity growth model. The Industrial Development Policy (IDP), launched in 2015, is of critical importance in addressing these structural limitations to growth. However, the IDP includes no specific reference to the long term future of the garment sector and progress in its implementation to date has been limited overall. This is despite progress in areas such as the development of Special Economic Zones (SEZs), electricity generation, infrastructure, and connectivity and logistics development.

### **3.4 Demographic dividend provides opportunities**

A key factor in Cambodia’s development landscape is the impact of the “demographic dividend” arising from the halving of the age dependency ratio from 1994 to 2014 (with more than 50 percent of the total population below 25 years of age). This represents an important opportunity to shift budget commitments towards long-term development objectives, including ensuring an educated

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<sup>5</sup> The World Bank classification system defines LICs as those with a Gross National Income (GNI) per capita of less than USD 1,025, with LMIC status in the range of USD 1,026 – 4,035.

population with the higher level skills needed to drive future progress. Although recent years have seen improved educational levels, overall they remain low. Among the adult population aged 15 and older, only 44.6 per cent of males have completed secondary education, with only 5.2 per cent having completed post-secondary education or higher education. This falls to 28.7 per cent of females who have completed secondary, with only 2.1 per cent having completed post-secondary education or higher education.

### **3.5 Most workers in vulnerable employment**

Female participation in the labour market in 2016 was 75.5 percent, compared to 86.7 percent for men.<sup>6</sup> Overall unemployment, at around 2.7 per cent of the workforce nationwide, is very low, but unemployment among educated urban youth is growing, an issue that, if not addressed, could become a socially and politically destabilizing force. Work in formal enterprises accounts for less than 20 per cent of employment and only 3.4 percent of establishments. Most workers, especially women, remain in vulnerable employment as own-account workers or contributing family workers. They are more likely to suffer poor working conditions and vulnerability than are formal workers.

### **3.6 Gender inequalities undermine inclusive development**

Women and men face different constraints in obtaining productive employment, decent work and government services, but Cambodian women remain considerably disadvantaged in comparison to men. They have restricted access to ownership of assets and employment even though the 1993 Constitution recognizes the principles of gender equality. The increasing labour participation of women in the economy does change social norms, beliefs and perceptions of gender roles, albeit slowly. Women's participation is constrained by lower level of literacy and total years of schooling compared to men (see above), and women earn 71 percent of what men earn.

One measure of the degree of gender inequality at country level is the Gender Inequality Index (GII) published by UNDP as part of its annual Human Development Index (HDI) Report. The GII draws on data related to reproductive health, empowerment (including percentage of women in parliament) and labour market participation. The Cambodia GII rating for 2015 was 0.479, a slight drop over one decade from 0.561 in 2005. By comparison, Vietnam, Lao PDR and Thailand stood at 0.337, 0.468 and 0.366 respectively. The lowest level of gender inequality in ASEAN was Singapore, at 0.068.<sup>7</sup>

### **3.7 Worker safety standards and measures fall short**

Although reliable information on worker outcomes following occupational accidents and diseases is not yet comprehensively available, the Cambodia DWCP document states that occupational safety and health (OSH) practices in Cambodia remain inadequate. Where OSH regulations, information, and guidelines do exist, they are often unavailable or difficult to access, while labour inspection services lack capacity and are often denied access to workplaces.

As elaborated below, the number of workers killed and injured in road accidents as they commute to and from factories has increasingly captured BFC, RGC, buyer, trade union and media attention. The sheer scale of deaths and injuries constitutes what can best be described as a crisis (refer below for elaboration). Episodes of fainting that have been affecting workers since the early 2000s have also been a longstanding focus of attention in the sector. Such episodes have been variously attributed to factors such as the smell of paint and pesticides inside the premises, poor health and hygiene, inadequate nutrition and psychological distress and heavy workloads (overtime).

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<sup>6</sup> UNDP Human Development Report. (March 2017). <http://hdr.undp.org/en/composite/GII>

<sup>7</sup> BFC Project Document, 2016-2018.



### **3.8 Child labour reduction in garment industry leads the way**

In Cambodia's garment sector, collaboration between BFC and national partners has seen the incidence of child labour reduced to 2 percent (mainly cases of underage workers, aged 12-15.) However, more broadly child labour remains a serious issue, despite ambitious earlier commitments – i.e. the ratification of ILO Conventions No. 138 and No. 182, with a national target of reducing the overall incidence of child labour to 8 per cent by 2016. According to the 2012 National Child Labour Survey (NCLS), just over one in every ten children in Cambodia are engaged in child labour. In 2016, Cambodia adopted a second National Plan of Action on Worst Forms of Child Labour and approved guidelines for addressing child labour in the fisheries sector. The Government also established standardized inspection guidelines to increase the effectiveness of child labour law enforcement. However, children in Cambodia still perform dangerous tasks in agriculture and also engage in the worst forms of child labour, including in commercial sexual exploitation, fuelled by challenges in accessing basic education and the absence of a compulsory education requirement.

### **3.9 Public sector reform initiatives underpin MOLVT strengthening**

The broader reform process within the Cambodia public sector is highly relevant to BFC/MOLVT cooperation to strengthen the ministry's labour inspection services. Assessments conducted of Cambodia's public sector in partnership with the Asian Development Bank have identified a number of systemic issues to be addressed within the country's public sector reform process, covering all ministries, departments and agencies including the MOLVT. These encompass the coverage and quality of service delivery; the need to improve fiscal revenue collection and financial management systems; fragmented organizational structures; unclear and overlapping agency mandates, complex administrative processes; and low salary levels, coupled with inefficient human resource management.<sup>8</sup>

Since 2008, government efforts on public sector reform in Cambodia have centered on three interrelated initiatives: (i) public financial management reforms, (ii) decentralization and "deconcentration" reforms, and (iii) public administration reforms. The Rectangular Strategy Phase III serves as overall policy framework for the reform process, providing the basis for National Strategic Development Plan, 2014–2018, which includes sector development plans. Current reform efforts, as articulated in the National Program for Administrative Reform, 2014–2018, aim to make public services more transparent, responsive, effective, and efficient.

To further improve accountability, the government has recently (i) adopted a guide on public services standards and passed a sub-decree on the establishment and functioning of the national committee on public service evaluation; (ii) adopted a human resources policy for the civil service to enhance human resource development and management, and to increase work effectiveness; and (iii) pursued compensation reform. With respect to public financial management reforms, the focus in recent years has been on the linkages between planning and budgeting, incorporating programme budgeting processes and the "deconcentration" of responsibilities to budget owners.

During the current reform phase (2018 – 2019), reforms are focusing on the implementation of results-based budgeting and improving the accountability of budget processes. In this context, the Ministry of Economy and Finance (MEF) has indicated that scope exists for strengthening the presentation and strategic justification of MOLVT bids within the annual national budget process,

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<sup>8</sup> ADB. Sector Assessment (summary): Public Sector Management. Accessed on 20/04/2018 at [www.adb.org/sites/default/files/linked-documents/cps-cam-2014-2018-ssa-05.pdf](http://www.adb.org/sites/default/files/linked-documents/cps-cam-2014-2018-ssa-05.pdf)

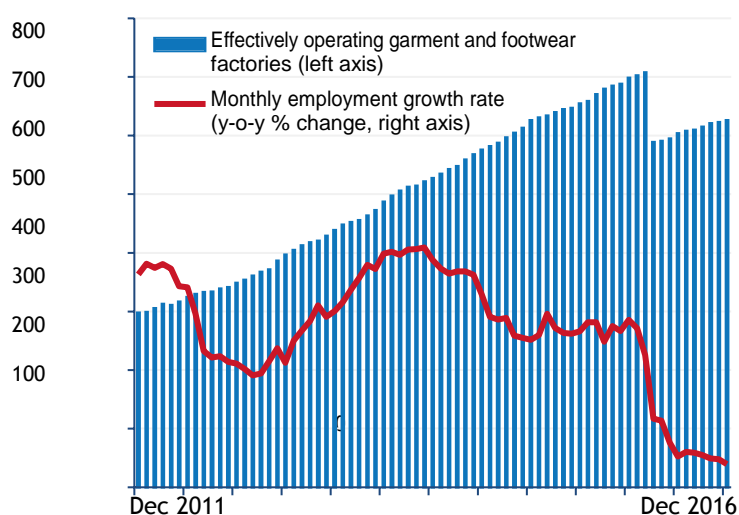
including with respect to increased resourcing of the labour inspection system as a key element in improving the quality of economic development and public welfare.

## 4. CAMBODIA’S GARMENT INDUSTRY: AN OVERVIEW

### 4.1 Sector growth generally sustained

Although overall numbers vary from year-to-year, the Cambodian garment export sector employs about 600,000 workers (650,000, if footwear and travel goods’ workers are included). This accounts for approximately 6 percent of the country’s total labour force. The garment industry is also Cambodia’s largest exporting industry—having grown from a US\$27 million industry in 1995 to exporting nearly US\$5.4 billion per year, and accounting for 80 percent of total country goods export. It is estimated that the garment industry contributes to 10 percent of total Cambodia’s gross domestic product (GDP).

**Figure 1: Number of effectively operating garment and footwear factories and employment growth rate (December 2011- December 2016)<sup>9</sup>**



Source: Cambodia’s Ministry of Commerce (MOC). Note: The number refers to exporting factories that are officially registered with the Ministry of Commerce only. Some sub-contractor factories (which are not directly exporting, nor officially registered) are not included.

In 2017, 541 factories were covered by BFC, including 100% of the garment export sector, as required under Cambodia’s garment export licensing requirements. BFC estimates that there are about 300 additional workplaces that do garment-related work in areas including dyeing, printing and washing.

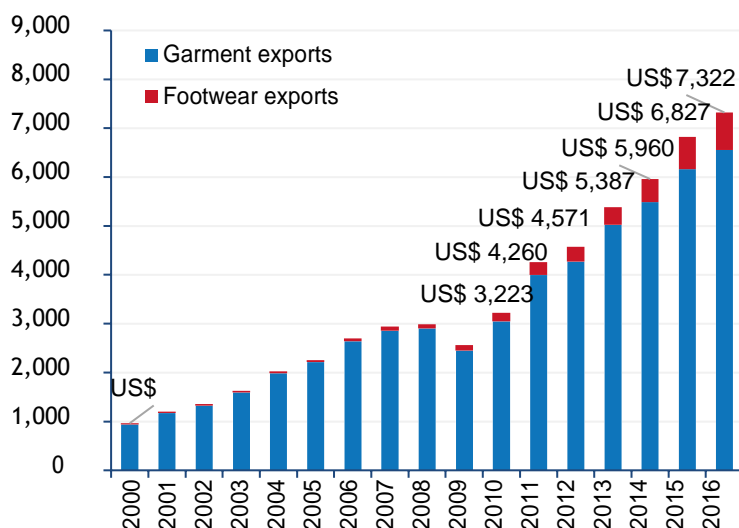
Cambodia’s garment and footwear exports have grown at a solid pace in recent years, with a compound annual growth rate of 10.8 per cent per annum over the 2014-2016 period. However, while the sector’s export performance has been strong, other statistics and anecdotal report suggest a degree of underlying “softness” in industry conditions. The ILO Cambodian Garment and Footwear Sector Bulletin (Issue 6 | May 2017) noted that the number of operating factories and

<sup>9</sup> ILO Cambodian Garment and Footwear Sector Bulletin. (May 2017). *What explains strong export and weak employment figures in the Cambodian garment sector?* Issue 6.

people employed in the sector appeared to have grown more slowly than usual in the preceding period, or had even fallen.<sup>10</sup>

In 2016, newly approved FDI in the garment and footwear sector in 2016 fell by 34 percent in in fixed-asset value (compared to 2015). Employment in the sector shrank by 2.9 percent in the same period, although some of this recorded decline is due to statistical improvements<sup>11</sup>. 2017, however, saw an increase garment sector capacity, with 63 new factories being created, according to the Ministry of Industry and Handicraft (although six were also closed).<sup>12</sup>

**Figure 2: Cambodia’s garment and footwear exports, 2000–2016 (US\$ million)<sup>13</sup>**



Source: Cambodia’s General Department of Customs and Excise

**Box 1: Cambodian garment worker profile: Impact assessment baseline data, 2015<sup>14</sup>**

**Gender:** Most of the workers employed in Cambodian factories are women (83 percent) and are under the age of 30 (more than 72 percent). Over 80 percent of respondents said they are satisfied with their job and life.

**Education:** Primary school” is consistently reported as the highest level achieved by almost half of workers. A small proportion of the sample (around 6 percent ) have no formal education. More than 58 percent of men reported having achieved at least a lower secondary level of education, while among women this percentage drops to 45.6 percent.

**OSH:** 44 percent of workers cited excessive heat in the factory as a concern. While only 3.4 percent of respondents say they have been injured in the last six months, 28.4 percent say they “rarely” or “never” used safety equipment. Almost 16 percent report not being provided with it at all. Around 13 percent report suffering regularly from severe headaches, dizziness and fainting.

**Contracts:** The majority of workers (56 percent) have been working for their current employer for over one year. Almost 63 percent are employed under 0-6 month contracts (Fixed Duration Contract, FDC). 12 percent reported not having a contract at all. Only 6.7 percent had an unlimited duration contract (UDC). Almost 33 percent of respondents reported that is “very likely” or “likely” that they would be terminated or not get a contract renewal if involved in trade union activities.

<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Phnom Penh Post. (12 December, 2017). Kingdom’s factory registrations on the rise in 2017

<sup>13</sup> ILO Cambodian Garment and Footwear Sector Bulletin. (May 2017). *What explains strong export and weak employment figures in the Cambodian garment sector?* Issue 6.

<sup>14</sup> ILO. (December 2016). Better Factories Cambodia impact assessment baseline report (ILO internal report). Baseline surveys began in the second half of 2016 and continued into 2016.

**Training and workplace relations:** 82 percent of workers reported no promotion since they joined their factory. Less than 20 percent of workers reported induction/refresher training in health and safety procedures or new skills. The majority of workers reports being comfortable in seeking help from their supervisors (70 percent), trade union representative, the BFC bi-partite committees and OSH committee (between 60-70 percent). However, many workers negatively assess their supervisors' ability to follow the rules of the factory: 30.8 percent of respondents said their supervisor does so "rarely" or "never".

**Pay and hours:** More than 60 reported low wages as a concern with a higher proportion among men (66.1 percent) than among women (58.9 percent). Excess overtime is a serious concern for 17.6 percent of workers.

## 4.2 High levels of foreign ownership key factor in investment patterns

Cambodia's garment factories are 96 percent foreign owned, with China remaining the dominant source of investors. 36 percent of all factories registered with BFC are owned by Chinese investors, followed by Taiwan (20 percent), Hong Kong/China (13 percent), and Korea (12 percent). Only four percent of the factories are owned by Cambodian nationals. With respect to new investment in 2016, the highest by country of origin was China 36 percent, others 24 percent, Hong Kong/China 17 percent, Taiwan 15 percent, UK 6 percent, Japan 2 percent.<sup>15</sup>

Under this regime, most investors have not invested comprehensively in skills, more advanced technology, workers' facilities or in creating a national middle management in factories. Along with the ongoing overnight closure of factories which leave workers empty-handed, this situation led several stakeholders interviewed by this evaluation to describe the industry as "footloose."

The above statistics are reflected in enterprise management, with around 70 percent of supervisors in garment factories being non-Cambodian (mostly the same nationality as that of the factory owners). In over 50 percent of factories, 90 percent or more of supervisory positions are filled by foreign staff; in 46 percent of factories, all supervisory positions are filled by foreign staff. Feedback by trade union leaders interviewed for this evaluation highlighted this imbalance as a major concern to be addressed.

50 percent of firms surveyed in 2015 for the BFC impact assessment study perceived their biggest business challenges as being the low efficiency of the production process, low skills of current workers and union activity. Less than half of them have implemented (or are currently implementing) new training programmes for workers or changes to the worker pay package.

## 4.3 New trends in export destinations

An emerging trend in the period since 2010 has been an increase in Cambodian garment and footwear sector exports to markets outside the EU and US, as shown in Figure 3, leading to a diminishing share of Cambodia's garment and footwear exports to the US – from 25 percent in 2015 to 20 percent in 2016. The EU remains the major export destination for Cambodian-made apparel, accounting for about 45 percent of exports under the EU Generalised Scheme of Preferences (GSP) Everything but Arms (EBA) arrangement.

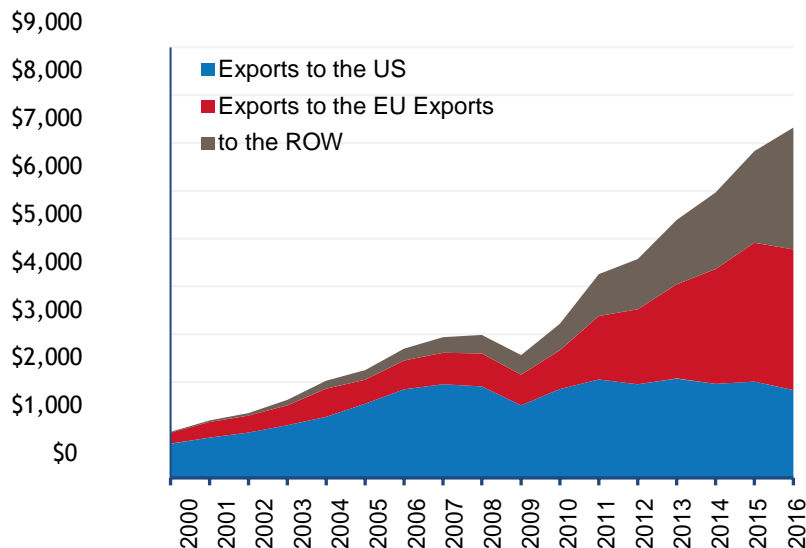
Driving this shift is an expansion of exports to the Japanese and Canadian markets. According to Cambodia's General Department of Customs and Excise (GDCE), Cambodia's exports of its garment and footwear products to the Japanese market accounted for 9.0 percent of the total sector's exports in 2016, up from 7.7 per cent in 2015 and just 2.7 per cent in 2010. Similarly, strong growth

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<sup>15</sup> Council for the Development of Cambodia (CDC-CIB)

has been observed in exports to the Canadian market. In 2016, Canada absorbed nearly 8.0 percent of Cambodia’s garment and footwear exports, up from 7.5 percent in 2015 and just 0.5 percent in 2010. The growth of Cambodia’s garment and footwear exports to China has also been relatively strong, expanding from zero in 2010 to 2.3 percent of Cambodia’s exports of garment and footwear in 2016.<sup>16</sup>

**Figure 3: Destinations: Cambodia’s garment & footwear exports, 2000–2016 (USD m)<sup>17</sup>**



A key factor in this regard has been the impact of a number of free trade agreements, particularly under ASEAN frameworks. Those agreements include the ASEAN–Japan Comprehensive Economic Partnership (AJCEP) signed in 2008 to create an ASEAN–Japan Free Trade Area, and the ASEAN–China Free Trade Area (ACFTA). Cambodia also benefits from Canada’s Market Access Initiative for Least Developed Countries, which allows qualifying quota-free and duty-free access to the Canadian market of all goods except dairy, poultry and egg products.

In the future, Cambodia is expected to further benefit from the proposed Regional Comprehensive Economic Partnership (RCEP) which involves ASEAN and six other partner countries with which ASEAN has a free trade agreement. The possibility has also been raised of Cambodia seeking to join the recently signed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPPA, known as TPP 11, the successor of the TPPA following the withdrawal from negotiations of the US in 2017). Concerns have been expressed that Vietnam’s membership of the TPP 11 will give it an important competitive advantage over Cambodia in terms of garment and footwear exports.

Implications for BFC in these trends include the possibility of less informed consumer markets paying less attention to ethical sourcing of products, potentially affecting brand / buyer leverage over conditions in the factories in which garments are produced.

#### 4.4 Competitive factors being eroded

Cambodia has historically relied on low wages and favourable investment laws as a basis for the competitiveness of its garment industry. After a long period of very little wage increase, the minimum wage in the sector has now increased from USD 80 per month in 2013, to USD 170 in 2018, an 11 percent increase over 2017. Workers in the sector also receive an estimated additional

<sup>16</sup> ILO Cambodian Garment and Footwear Sector Bulletin. (May 2017). *What explains strong export and weak employment figures in the Cambodian garment sector?* Issue 6.

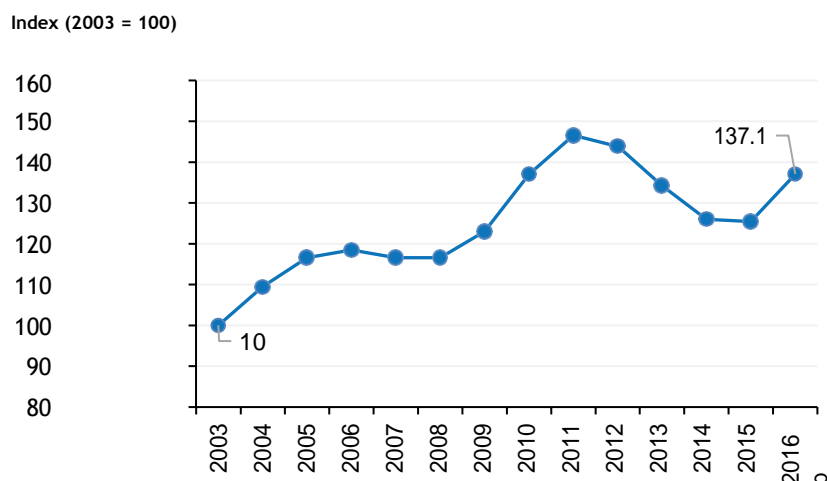
<sup>17</sup> Ibid

USD 17 per month in allowances, plus overtime, attendance and productivity bonuses, although the accumulated figures are disputed between unions and employers. While necessary to compensate for many years of very little change, these increases are still widely regarded among Cambodia’s unions as inadequate to support wider family needs. From an employer perspective, they have not been accompanied by commensurate productivity increases.<sup>18</sup> Productivity levels remain relatively low in Cambodia compared with other major garment producing countries, such as Vietnam.

A further influential factor in the status of Cambodia’s garment industry is the lack of any supply chain integration. Almost all of the fabric and materials necessary for garment production are imported, mainly from China. As a result, most apparel factories enrolled with BFC are engaged in low skill and low valued-added “cut-make-trim” (CMT) operations. However, BFC cites indications of some companies starting to look at higher value production, including accessories, in similar vein to trends in this direction in Vietnam.

The RGC has set a goal for 2020 of developing “upstream” textiles and accessory industries, although the viability of establishing a textile industry in Cambodia is much debated. The Ministry of Economy and Finance advises that the soon-to-be finalized national garment sector strategy will *inter alia* address these issues. In the meantime, the world-leading Swiss forwarding and logistics company, Panalpina Group, has opened an office in Cambodia, raising expectations of more competitive freight charges. In 2016 these were twice those in Vietnam and Thailand.

**Figure 4: Estimated labour productivity in the Cambodian garment and footwear sector<sup>19</sup>**



Source: Cambodia’s National Institute of Statistics, 2016 National Accounts (preliminary figures) and the Cambodia’s Ministry of Commerce. Note: the 2016 figure is based on a calculation from preliminary figures from the Cambodia’s National Accounts.

As a result of this combination of factors, the current competitive base for the industry is very narrow. There are therefore serious concerns with respect to the ability of the sector to stay attractive in the context of current economic trade developments in the region. These include Vietnam’s growing garment industry and its Free Trade Agreement with the European Union (EU) and membership of the CPTPPA; Myanmar’s emerging market for investors and buyers;

<sup>18</sup> Ibid

<sup>19</sup> ILO Cambodian Garment and Footwear Sector Bulletin. (May 2017). *What explains strong export and weak employment figures in the Cambodian garment sector?* Issue 6.

Bangladesh's competitive prices; and the emergence of new garment producing countries, such as Ethiopia. .

Industrial relations in the garment industry furthermore remain problematic. While other organized sectors such as tourism have maintained generally stable relations, strikes have been a historic issue in the garment industry. Unfair labour practices on the part of both unions and employers remain a major issue throughout the industry, while the proliferation of unions and concomitant competition for members and resources leads to issues of effective representation.

#### **4.5 Women predominate in garment sector workforce**

The workforce in both the garment and footwear industries is comprised of some 83 percent women, generally young (around 25 years old) migrant workers coming from rural communities with six years of completed primary education. The move to a new and unfamiliar environment makes many women vulnerable to discrimination and exploitation. Workers' living conditions are typically poor; they tend to live with three other people (extended family members, spouse and children or friends/colleagues) in rented rooms and compounds that are often unhygienic and far away from affordable public services (e.g. health care centres, childcare and education institutions).

Women are furthermore generally recruited into lower paid and lower skilled jobs (sewing machine operator) as opposed to men who dominate the higher paid jobs that require more skills and/or are physically heavier. Career advancement opportunities for women in the industry are rare, and (as noted previously) the senior management in most factories is most likely male and foreign.

9 percent of women workers reported to the 2015 impact assessment baseline survey conducted by Tufts University that they often felt uncomfortable because of inappropriate behaviours, 27 percent reported that such behaviour comes from their supervisor or manager "sometimes or often," and 40 percent reported that they don't think that a clear of fair system exists in their factory for reporting sexual harassment.

Working conditions in factories (including regular overtime), put high pressure on women's reproductive role. While there are relatively high levels of compliance with pregnancy and maternity leave laws, many women face difficulties in securing adequate childcare and safe facilities for breastfeeding after returning from maternity leave.

Not surprisingly in this context, BFC's latest study on gender issues and the status of women in Cambodia's garment sector highlights balancing paid work and family care as a major challenge for women workers. Drawing on data from 395 garment factories over the period May 2016 to April 2017, the report, "Towards Gender Equality: Lessons from factory compliance assessments, 2016-2017," also finds that investing in practical solutions to enhance gender equality is good for business as well as for workers, their families and their communities. The study builds on previous BFC research on gender in the garment sector, including the 2012 report: "Action-oriented research on gender equality and the working and living conditions of garment factory workers in Cambodia."

With respect to issues of voice, representation, leadership and skills development within the workforce, the report found women are greatly underrepresented. This links to challenges in reconciling work with their roles as primary care providers in their homes, contributing to restricted opportunities for promotion, engagement in leadership roles and skills development. The report reinforces findings of a recent Better Work Global report which indicates that increasing the number of women in leadership positions helps reduce sexual harassment and discrimination at work.

The leadership positions in union confederations, federations and factory level unions are dominated by men. A roundtable discussion involving the leaders of 12 garment sector trade union

federations/confederations for this evaluation consisted entirely of men. BFC reports that more women are becoming unions representatives at the factory level, however.

#### 4.6 Growing number of “standards” actors within garment sector

An important shift in the dynamics of Cambodia’s garment sector since the establishment of BFC has been the growth in the number of other global, regional and national initiatives which have targeted the sector to improve industrial relations and working conditions.

At the international/multi-country level these include the **IndustriALL/ACT**<sup>20</sup> initiative (for which the achievement of a living wage is a core objective); the Swedish Government **Global Deal** (a global partnership to address challenges in the global labour market in line with SDGs 8 and 17, in particular); the **Ethical Trading Initiative** (ETI, currently actively engaged with the RGC on garment sector issues on behalf of international brands); and the BMZ/GIZ (German Government) regional project on **Social and Labour Standards in the Textile and Garment Sector** in Bangladesh, Cambodia, Myanmar and Pakistan.

The latter is embedded via a two person team within the MOLVT. It explicitly supports the capacity development of the MOLVT labour inspection system through the development and application of a Code of Conduct; an inspectors’ training curriculum; comprehensive guidelines for labour inspection; communications plan and staff training in these and other areas.

In addition, the Bangkok-based **ILO Labour Standards in Global Supply Chains Project (LSGSC)** works closely with Better Work and BFC in addressing garment sector supply chain issues in Cambodia, Indonesia and Pakistan. A focus of collaboration with BFC has been the monitoring of minimum wage compliance data and related communications and advocacy work. The project and BFC have also collaborated on inputs into the development of Cambodia’s garment sector strategy.

The ILO is supporting the Cambodian constituents to develop collective bargaining, which is of relevance to the BFC mandate, while the global ACT initiative is promoting similar processes in the country. Efforts are underway to synchronize these two developments. The LSGSC is further actively engaged with ACT to promote collective bargaining at a wider sector level, with steps currently in motion to set up a representative bipartite sector bargaining council to engage in initial negotiations. GMAC and unions represented on the Labour Advisory Council (LAC) are active participants in this regard.

To proceed further, sector-wide developments would require recognition by the MOLVT via the issuing of a Prakas. A potential point of discussion in this regard is the ACT requirement that a sectoral CBA should embrace commitments to a “fair” wage, which in turn would trigger commitments from ACT member brands to make Cambodia a “preferred source.” According to the LSGSC Project, the ACT brands currently account for an estimated 40-50 percent of Cambodia’s garment sector, prompting questions from both the MOLVT and GMAC about the viability of the living wage component of the proposed sector-wide initiative.

In addition, various **bilateral governmental initiatives** have long been active in the sector. The US, particularly through the US Department of Labour and USAID, has historically been a major funder of BFC, the Arbitration Council and the Solidarity Centre based in Phnom Penh. As well as promoting the above-mentioned Global Deal initiative, Sweden has also supported the Arbitration Council Foundation and been part of a four-party cooperation arrangement involving the ILO, H&M and IF Metall, with a focus on improving industrial relations in the textile sector. In the latter case, the BFC

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<sup>20</sup> ACT: Action, Collaboration and Transformation.



was involved in training activities. The Swedish Embassy noted evaluation findings which indicated that PICCs tended to operate more effectively in factories where the joint project was also active.

Under its Development Cooperation Strategy 2014-2018, the EU is working alongside the ADB and other international players in supporting the improved efficiency of Cambodia's public institutions, systems and services, which is of relevance to BFC's engagement in strengthening the MOLVT labour inspection system.

Alongside and often linked to the above international interventions are the various **internal quality and standards assurance programmes of international brands**, (elaborated to this evaluation by GAP, H&M and Nike), often involving their own assessments and staff training in areas ranging from OSH to FoA, workplace cooperation, gender equality, sexual harassment and environmental considerations. GAP is collaborating with the ILO in introducing the Better Work Academy in Cambodia on a pilot basis. While the focus is on OSH training for MOLVT inspectors, GMAC, trade unions and JDU/Roo Hsing have been invited to participate.

With respect to environmental assessments and standards, some brands (including GAP in Cambodia) are using the Higg Index and related tools, which were developed with support from the Sustainable Apparel Coalition. Seven brands have staff currently certified as Higg Index trainers, and are in turn training factory staff to apply the tools.

## **4.7 Snapshot of current key issues in the sector**

A number of systemic issues were highlighted in stakeholder consultations for this report. The following summary selectively elaborates those most regularly raised across core stakeholder categories (government, employers and trade unions) during the evaluation period.

### **4.7.1 Addressing buyer concerns around union effectiveness and minimum wage process**

Prominent in the period of the current evaluation was a set of issues identified in a 2017 meeting between the RGC and the Ethical Trading Initiative (ETI), representing major buyers in Cambodia. In a statement on 16 October, 2017, H.E. Dr. Ith Samheng, Minister of Labour and Vocational Training, confirmed that subsequent action would be taken on buyer concerns in the following areas:

- revocation of the draft Law on Labour Dispute Adjudication Procedures to address concerns about the utilization of the existing labour dispute conciliation and resolution mechanism
- revision of Article 16 of the draft Law on Minimum Wage to allow for independent research on minimum wage and further tripartite discussion
- drafting a Prakas, for tripartite review, to allow minority unions to represent their members in collective labour disputes
- organizing national workshops to review and adjust the union registration procedure to make it more transparent and effective, and to guarantee the exercise of the rights and freedoms of professional organizations in Cambodia
- continuing and promoting the cooperation with international organizations and other partners, especially BFC, the Global Deal Initiative of Sweden and the GIZ project, for improvement of industrial relations in Cambodian factory and enterprises.

While implementation steps in the above areas were pending during the evaluation period, the signaled initiatives will *inter alia* reinforce MOLVT collaboration with BFC and improve the ability of garment sector unions to represent their members in collective bargaining. This will help strengthen the role of unions within PICC and other factory improvement processes.

#### **4.7.2 Proliferation of inspection, monitoring and other visits to garment sector factories**

An important theme in stakeholder feedback, including from BFC's management team, was the proliferation of interventions by governmental, international agency, international buyer and NGO actors to monitor and act on issues within Cambodia's garment factories (also refer Section 4.6) . One interlocutor observed that in a single year some factories can expect to receive some 40 such visits.

There is clearly a need to seek greater coordination and synergies between such interventions in order to improve collective impact and synergies; enhance the sharing of information and lessons for mutual benefit; and reduce the burden on factory managers and workers. A role by BFC in this regard, drawing on its widely recognized "convening power," is proposed in the recommendations of this report. The experience of the global "labour convergence" project may offer some relevant insights in this regard for application in Cambodia.

#### **4.7.3 Overnight factory closures**

The sector has long been characterized by overnight factory closures, with owners leaving the country without fulfilling their legal obligations, particularly paying workers their outstanding wages and benefits, including severance pay. In many cases, these factories belong to a larger overseas investment group that continues to operate profitable factories in other countries. Such actions are a destabilizing factor in the industry and harm the reputation of the sector and the country.

According to Article 116 of the Labour Law, an employer must pay any severance or indemnity pay to employees within two days of a contract being terminated. But when a factory owner absconds, that legal requirement is rarely met. Instead, usually following a protest by workers, a local court orders the sale of all the factory's assets to pay the back wages. However, the sale of assets often fails to cover the amount owed. The process can also take months, a serious issue for the majority of workers who spend most of their wages on rent and food.<sup>21</sup>

Recent months have seen public discussion on possible ways to address the issue, including via the establishment of a wage protection mechanism requiring investors to pay a deposit that they can get back when they end their business in Cambodia and have met all their legal obligations correctly. Concerns have at the same time been raised that the "upfront" payment required by such a mechanism might lead to some investors looking elsewhere. While final resolution of a way forward is pending, the Prime Minister has committed the government to pay USD \$4.6 million to cover unpaid salaries and severance for workers from nine factories whose owners had recently fled. He has further indicated support for the concept of a deposit arrangement.<sup>22</sup>

#### **4.7.4 Widespread use of short term contracts**

A large majority of workers in the garment sector is employed on short term fixed duration contracts (FDCs), as distinct from unlimited duration contracts (UDCs). As a result, they have limited job security help them better plan their lives and invest in their families and homes. The baseline for BFC's impact study revealed that only 6 percent of the almost 1,600 workers surveyed in the 73 randomly chosen factories had a long term contract. Some workers opt for short term contracts voluntarily because it ensures that they have their severance paid out in case of factories closing

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<sup>21</sup> Phnom Penh Post, 22 March, 2018

<sup>22</sup> Ibid

overnight, and have flexibility in responding to annual harvest and family requirements. However, BFC reports that many workers are given no real choice in the matter.

Trade union leaders interviewed for this evaluation echoed regular media coverage indicating that short term contracts are a factor in some women losing their jobs after becoming pregnant, despite the legal restrictions on such actions by employers. BFC data recently found that 3 percent of factories – 13 out of 442 surveyed – had failed to comply with the law on dismissing pregnant workers. The BFC research to date concluded that there is “little evidence that direct discrimination (ie termination) based on pregnancy happens at a large scale,” but more research into the issue was necessary in light of trade union reports of abuse of pregnant women’s rights.

At the centre of public discussion on this issue is the need for definitive legal clarity on the maximum number of years that an FDC can be used. The ruling of the Arbitration Council on this matter is that after two years of consecutive FDCs, contracts automatically become UDF. Final resolution of the issue was pending at the time of this report.

#### **4.7.5 Worker transportation crisis**

As noted previously, garment workers’ commute to and from work remains a substantial risk that many workers face on a daily basis. According to the National Social Security Fund (NSSF), workers were involved in 7,592 traffic accidents in 2016, with 103 deaths and 9,309 injuries, of which 1,298 were classified as serious. Of these, 43 deaths and 4,451 injuries involved garment and footwear sector workers. BFC reports that recent research on worker housing and wellbeing indicated that many workers feel unsafe on their daily commute, with a major factor being the open and frequently overloaded trucks often used to transport workers to and from work. Concerns are increasingly being raised about the potential impact on apparel orders and investment.

BFC has played a universally commended role to have this issue addressed with urgency through its role as brand coordinator with the AIP Foundation, GIZ and the Solidarity Centre to facilitate and help sustain the creation of a multi-stakeholder Transportation Working Group. A number of actions at factory, governmental and broader societal levels have been proposed, with a pilot project led by AIP Foundation planned for later in 2018 to trial safer transportation approaches in a Phnom Penh location. BFC and wider ILO linkages are also being employed to look at examples such as social housing for workers in Korea and safe transport modalities for construction workers in Thailand.

## **5. SOCIAL DIALOGUE AND TRIPARTITE COOPERATION**

The overall state of industrial relations in Cambodia’s garment sector remains highly conflictual. BFC reports that there is limited trust at the sectoral or factory level between employers and trade unions. Unfair labour practices by both employers and trade unions are commonplace in the industry. Some employers seek to exert control over trade union organizations in their workplace, while in other circumstances they use surveillance, Fixed Duration Contracts (FDUs) and other practices to divide and limit the influence of trade unions. At the same time, trade unions have employed unhelpful IR practices, including extortion, intimidation, falsified membership records and triggering strikes at factories in which they have no members.

A more detailed elaboration of the social dialogue and tripartite cooperation context in Cambodia can be found in Annex 1. This covers Cambodia’s ratification on international labour standards; the national tripartite architecture; labour market institutions (including the Arbitration Council and Cambodia’s Trade Union Law); employers’ and workers’ organizations; and the state of collective bargaining.

## 6 NATIONAL POLICY CONTEXT

### 6.1 National Strategic Development Plan (NSDP) 2014–2018

Cambodia's development vision is set out in the Rectangular Strategy-Phase III (the Socio-economic Policy Agenda of the Royal Government of Cambodia) and the National Strategic Development Plan (NSDP) 2014–2018 which provides the roadmap for implementation of the Rectangular Strategy.

The following key NSDP elements link strongly with the Decent Work Agenda and the BFC's current specific focus on supporting the development of long term strategy for Cambodia's garment sector.

- Ensuring an average annual economic growth of 7 per cent. This growth should be sustainable, inclusive, equitable and resilient to shocks, through **diversifying the economic base to achieve a more broad-based and competitive structure**, with low and manageable inflation, a stable exchange rate and steady growth in international reserves.
- Creating more jobs, especially for youth, through further improvement in **Cambodia's competitiveness to attract and encourage both domestic and foreign investments**.
- Improving **institutional** capacity and governance at both national and subnational levels and ensuring **effectiveness and efficiency of public services** to better serve the people (linking to the BFC's focus on strengthening the capacities of Cambodia's labour inspectorate).

The focus within the NSDP on employment and decent work includes a priority on further improving labour conditions. The NSDP further promotes a women's economic empowerment strategy that is elaborated in the Strategic Plan for Gender Equality and Women's Empowerment (Neary Rattanak IV).

The NSDP commitments to promoting a coherent strategic vision for social protection, as elaborated in the National Social Protection Strategy for the Poor and Vulnerable (NSPS), includes objectives to expanding formal sector coverage for employment injury, health insurance, and pensions; and formulating and pursuing effective labour market policies.

The NSDP further commits to "strengthening harmony in industrial relations ... through adoption of the law on trade unions, updating the labour law, strengthening adherence to work discipline and professional ethics, institutional strengthening and coordination for implementation of labour dispute prevention and resolution mechanism as well as the mechanism to prevent and address labour protests, strengthening capacity and role of labour inspectorate in dispute mediation and resolution; and establishment of labour courts."

### 6.2 Industrial Development and National Employment Policies

In 2015, two closely related national policies – the Industrial Development Policy (IDP) 2015–2025 and the National Employment Policy (NEP) 2015–2025 – were developed through intensive consultations between government ministries and with other partners. Together they provide a policy framework for the coming decade of national development and for ILO support.

The IDP aims to transform Cambodia's industrial structure from a low value-added, low-wage, and labour-intensive base to a skill-driven model by 2025, and sets out targets in the areas of labour market development, industrial relations, and skills and human resource development, although no explicit reference is included to the long term future of the garment industry.

The NEP (also with no explicit garment sector reference), was developed with extensive ILO support and elaborates plans to achieve the following goals:

- more decent and productive employment opportunities, achieved in part by means of **macroeconomic policy and sectoral development policies** supporting decent/productive employment growth and formalization of informal businesses;
- **enhanced skills and human resource development** in the areas of core employability skills, quality of and access to education and TVET, and alignment of education and TVET with labour markets; and
- improved labour market governance, including better quality and more accessible labour market information, employment services, and working conditions and labour protection, as well as **improved industrial relations** and wage-setting mechanisms, unemployment insurance, and protection for migrant workers.

### 6.3 2030 Development Agenda

Further weight to the above policies and commitments, and to the objectives and priorities of BFC, is provided by the 2030 Development Agenda, particularly SDG 8 on decent work and economic growth. The following SDG 8 targets are of particular relevance:

**Target 8.2:** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors (links to BFC work on the strategy for the future of the garment sector in Cambodia).

**Target 8.5:** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value (links to BFC commitments around rights at work, and quality of work, for women and men).

**Target 8.7:** Take immediate and effective measures to eradicate forced labour ... and secure the prohibition and elimination of the worst forms of child labour ... and by 2025 end child labour in all its forms (links to BFC priorities around forced and child labour).

**Target 8.8:** Protect labour rights and promote safe and secure working environments for all workers (links to BFC activities around implementation of the labour law and OSH).

### 6.4 UNDAF (2016-2018)

The United Nations Development Assistance Framework (UNDAF) 2016-2018 states that “particular attention will be given to supporting the expansion of the formal sector. ... The UN’s interventions will include advice and capacity building to improve the respect for international instruments related to decent and safe working conditions in factories, on construction sites and other workplaces, with particular focus on ensuring increased gender equity in decent work and reducing the prevalence of child labour”.

## 7. THE BETTER FACTORIES CAMBODIA PROGRAMME (BFC)

### 7.1 BFC overview

The Better Factories Cambodia (BFC) programme commenced in Cambodia in 2001. It was linked to an innovative trade agreement between the Royal Government of Cambodia (RGC) and the United States (USA). The U.S.–Cambodia Bilateral Textile Agreement, initially covering 2000 and 2001 and later extended until 2004, provided an incentive to increase the quota for Cambodian garment exports to the US, linked to ongoing improvements in labour conditions in garment factories.

BFC was a result of an RGC request for the ILO to verify and monitor compliance with international labour standards and national labour law in the garment exporting factories. In response, the ILO developed BFC and started assessing working conditions in garment factories. The programme was initially voluntary but the RGC soon made these assessments mandatory for all garment exporting factories. In combination with BFC’s aggregated public reports on compliance levels, this created a strong push for factories to improve their working conditions.

Although the quota incentive ended with the expiration of the Multi Fibre Agreement in 2004, the government asked the ILO to continue to assess compliance with labour law of all exporting factories to demonstrate and realise the country’s commitment to uphold the reputation of its garment industry as an ethical sourcing destination. Since then, BFC has remained mandatory for all garment exporting factories under government regulation (Prakas).

Since the beginning, BFC has been an important actor within the country’s growing garment sector, contributing to the sector’s impact on export earnings and job creation. To have more impact on improved working conditions, BFC increasingly put emphasis on offering support to factories to rectify issues, complementing its monitoring activities. From this initial emphasis has grown BFC’s current training programmes (refer Table 1).

Later in BFC’s development came the delivery of factory-specific advisory services, centred around the creation of bipartite Performance Improvement Consultative Committees (PICCs) responsible for improving working conditions on the factory floor. BFC supports these committees to tackle the root causes of non-compliance. Over the course of the previous strategic phase, BFC adapted and incorporated many new tools and approaches from the Better Work Global (BWG) model, with increasing focus on factory improvement activities.

**Table 1: Core services of BFC and Better Work**

<b>Enterprise Assessments</b>	Enterprise assessments create a framework for assessing compliance with core international labour standards and national labour law, and provide recommendations to improve systems that will support proactive management and compliance. Since the start of the programme, this has been mandated by the government for all garment exporting producers in Cambodia.
<b>Advisory Services</b>	BFC’s Enterprise Advisors (EAs) are trained not only to conduct enterprise assessments, but also to provide advisory services. EAs work directly with each factory to develop a Performance Improvement Consultative Committee (PICC) with both management and union/worker representatives. The EA guides the PICC in the development and implementation of an improvement plan, which addresses both non-compliance issues

	and management systems, through the development of social dialogue, following a 12-month cycle. While factories are responsible for creating and implementing improvement plans, advisory services ensure a tailored approach that provides direction and capacity building.
<b>Training Services</b>	Training courses support assessment and advisory services with a strong focus on building capacity and ensuring enterprise engagement in the long term. Targeted classroom-based instruction gives participants the chance to identify issues of concern, learn from the experience of others in the industry and find practical solutions for themselves. Training topics range from ILO core labour standards and workers' rights and responsibilities to human resources management, supervisory skills and occupational safety and health, among others. Two areas of particular focus in the development of BFC training courses in the current strategic phase have been Freedom of Association (FoA) and sexual harassment in the workplace.

## 7.2 Current BFC Strategy and Project Document

The current strategic phase 2016 – 2018 is guided by an overall strategy document: “Increasing Impact and Institutional Sustainability, 2016-2018.” This was developed through a comprehensive consultation with BFC stakeholders. The strategy aims to contribute to improving the lives of at least 500,000 workers (the industry number at that time) , their families, communities and competitiveness in the Cambodian garment and footwear factories by (i) working jointly with the government to strengthen their capacity for upholding labour standards in the industry on the long term; (ii) supporting industry partners in creating a vision for the industry that combines both competitiveness and business strength as well as respect for labour standards; and (iii) creating stronger partnerships to build capacity for dialogue and grievance resolution at the factory level.

Key components of the strategy to these ends are:

- continuing to improve and expand current “in-factory” work
- boosting institutional sustainability for the programme
- building stronger partnerships for influence and impact
- strengthening the BFC’s knowledge base, communication and awareness strategies
- enhancing the BFC’s own governance, viability and management.

These strategic directions are reflected in the Project Document for the current phase. This sets out the following expected outcomes (which are supported by 68 outputs and associated indicators and targets):

**Outcome 1:** Cambodian exporting factories in the garment and footwear sector will have strengthened their capacity to improve and uphold compliance with the labour law.

**Outcome 2:** BFC will have strengthened its engagement with the Cambodian government to improve their capacity to identify, non-compliance issues, strengthen enforcement, and uphold labour standards.

**Outcome 3:** BFC will have strengthened its engagement and partnerships with key stakeholders for increased influence and impact on working conditions in factories and the systemic issues in the sector as a whole.

**Outcome 4:** BFC will have used its experience and data to inform and influence practices and policies related to responsible business practices in the industry.

**Outcome 5:** BFC will have strengthened its governance and management for increased sustainability.

### **7.3 BFC governance / oversight**

A Project Advisory Committee (PAC) guides the implementation of the BFC programme. It comprises nine members (three representatives each from RGC, GMAC and Cambodia's union movement), who are formally appointed by the MoLVT. PAC's specific functions are set out in a Terms of Reference, last updated in March 2014, which includes advising on project workplans and activities, as well as commenting on synthesis reports and monitoring project performance. The PAC issued its most recent public statement on BFC's activities via its 15 December 2017 in response to the 34<sup>th</sup> BFC "Synthesis Report" ("Annual Report 2017: An Industry and Compliance Review").

### **7.4 Legal framework under which BFC operates**

Cambodia's Labour Law provides the overarching framework under which the BFC operates. BFC's monitoring work is governed at a more specific level by two RGC documents. These are (i) principles set in Prakas (PK) No.108, issued by the MOC in 2001 (on Implementation of the ILO Labour Monitoring Project in the Cambodian textile and apparel sector exporting towards the US market); and (ii) the BFC Circular issued by RGC in 2005 (on Implementation of the ILO's Better Factories Cambodia Project in the Cambodian Textile and Apparel Sector).

BFC PK 108 and BFC Circular require all textile and apparel factories and their duly authorized subcontractors to register with BFC and MOC for export eligibility.

BFC does not have authority to directly enforce Cambodia's Labour Law. The primary role of BFC Enterprise Assessors (EAs) is to monitor and document working conditions, not to enforce law or administer penalties in cases of non-compliance. Only the MOLVT has that legal role and authority. In this context, BFC has access to a range of complementary strategies, pressures and tools beyond legal enforcement that enable it to promote compliance among factories. According to Wetterberg (2011): "BFC combines the state's regulatory power and the economic power of buyers to ensure effective enforcement by an independent monitoring organization."

Under the legal instruments within which BFC operates, factories persistently failing to comply with the Labour Law and relevant regulations can face both legal action and penalties imposed by the MOLVT as well as the withdrawal of their export license by the MOC. The latter ultimate sanction is based on MOC review of BFC reports of serious Labour Law violations, corroborated by the MOLVT.

### **7.5 BFC resourcing (financial)**

BFC currently earns about 80 percent of its annual budget for the delivery of core services through contributions under the Garment Sector MOU 2016-2019 from RGC and GMAC, as well as income from paid services such as the sale of factory assessment reports, training programmes and advisory services.

The remainder of BFC's budget, including the budget for its influencing and policy work, comes from international donor organizations. The current BFC MoU indicates that the total anticipated budget for period from January 2017 to December 2019 is USD 3,934,716; RGC has agreed to contribute



approximately 25 percent (USD 951, 224) of this anticipated budget.

The international donor component of the budget includes contributions from the United States Department of Labor (USDOL) and the Governments of the Netherlands, Australia and Germany.

The global Better Work programme is supported by the Government of Australia, the Government of the Netherlands and the State Secretariat for Economic Affairs (SECO), Switzerland. In addition, support is provided at the global level by corporate donors including the Walt Disney Company, Levi Strauss Foundation, Gap Inc. and FUNG (1937) Management Ltd

## **7.6 BFC resourcing (staff)**

BFC employs approximately 20 staff in its monitoring team; BFC also has other teams who perform advisory and training services. Staff are recruited under ILO's recruitment regulations and based on merit. All BFC staff are required to complete an intensive induction programme. This takes approximately 3-4 months and consists of self-study, classroom training, and core service delivery under guidance of team leaders. An assessment is conducted at end of each induction programme to confirm that staff have the skills and capacity to deliver the BFC core services independently.

In addition, quality assurance protocols are applied throughout work performance of BFC staff, including regular shadow visits with team leaders, review and spot checks of assessment reports, and use of tracking systems to ensure up to date information. BFC staff also receive continuous internal trainings; and strategic support from Better Work on training, advisory, assessment and legal issues, research, industrial relations and buyer engagement. Training in how to handle IR/FoA and sexual harassment issues within the delivery of core services has been a priority within the past years. Priorities for staff training are determined through annual staff planning processes. As elaborated later, the development of staff capacity and organizational culture is increasing underpinned by a "drivers of change" and systems thinking orientation, in line with broader Better Work approaches and priorities.

## **7.7 BFC within the ILO 's programme architecture**

### **7.7.1 Link to ILO Programme and Budget**

At the time of programme design for the current phase, BFC was linked to Outcome 7 of the ILO's Programme and Budget Proposals for 2016-2017, i.e. Promoting workplace compliance through labour inspection. The BFC programme was also seen as contributing to Country Programme Outcome (CPO) KHM 204: Effective progress made to enhance enterprise productivity, competitiveness and working conditions and promote entrepreneurship.

### **7.7.2 Link to global Better Work Programme (BWG)**

One of the ILO's global flagship programmes, the Global Better Work (BWG) programme encompasses BFC, along with similar country initiatives, within the framework of a partnership between the ILO and the International Finance Corporation (IFC), a member of the World Bank Group. It is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers, and boost the competitiveness of apparel businesses. Better Work grew out of the experience and success of BFC, a factor that Cambodian stakeholders regard with sense of pride.

The IFC engages primarily at global strategic and policy level, helping to set Better Work's systemic directions. There has however been a direct engagement by IFC at country level in Cambodia, especially around 2010 as part of efforts at that time to analyze long-term

institutional, legal and financial options to ensure the sustainability of BFC impact, outcomes and capacities. As elaborated later, the IFC Bangkok office is open to re-engagement in Cambodia around implementation of the new national garment sector strategy and the potential trialing of a new IFC training programme for women “on the line” in garment factories.

With its mandate, experience and expertise in the world of work, its normative approach to development and its tripartite structure, the ILO - through the Better Work programme - is uniquely positioned to address governance gaps in global supply chains so that they can fulfil their potential as ladders for development.<sup>23</sup> Given the uniqueness of the garment sector, Better Work focuses at this point specifically on the garment supply chain,<sup>24</sup> working with workers and managers from RMG (ready-made garment/ cut-make-trim) factories; global brands; and tripartite constituents including trade unions, garment sector employers’ associations, global brands and governments. The BW programme is currently active in Cambodia, Indonesia, Vietnam, Haiti, Jordan, Nicaragua, and Bangladesh. Steps are underway to establish a Better Work programme in Ethiopia, with an emphasis from the beginning on integration and synergies with other ILO programmes and capacities.

**The third Better Work strategic phase (2012-2017)**, which overlaps with a major part of the current phase of BFC, concluded at the end of June 2017. The main emphasis of the Better Work third phase was to achieve direct impact through its own programmes in the garment sector, and wider, indirect impact through its influence, knowledge sharing, and partnerships. The ultimate goal was to reach the required scale that will trigger or contribute to behavioural change in the garment industry and beyond, where compliance becomes the norm. By June 2017, BWG expanded its services to 1,486 factories currently employing approximately 2 million workers. Better Work estimates to have impacted at least 3 million workers and millions more of their family members.

**The fourth phase of the Better Work Global (BWG) Programme (July 2017 – June 2022)** was at an early implementation during the period of this BFC mid-term evaluation. During this new phase, Better Work aims to leverage existing and new partnerships to expand its impact from 3 to 8 million workers and to 21 million family members. In addition, Better Work and the ILO will support more garment producing countries to strengthen the policy and enabling environment for decent work and competitiveness to drive positive outcomes on a much larger scale. This will be achieved through two areas of intervention, i.e. influencing business practices in the global supply chain and strengthening the enabling environment for decent work by strengthening public institutions and advancing policies at the national level.

Compared with Phase III, the following new/adjusted work areas and strategies stand out:

- Stronger attention to ensuring coordination, synergies and mutual reinforcement at all levels of Better Work programming and partnership development. A newly adopted key instrument in this context is the ILO/BW Apparel and Footwear Coordination Framework (2018). This centres on a global cross-ILO coordination group through which new country-level ILO garment sector programmatic and funding initiatives must pass.
- As noted previously, the pioneering of a new highly integrated approach to establishing the Better Work programme in Ethiopia, with full, proactive and structured engagement from the beginning with ACTEMP, ACTRAV and other relevant programmes and units across the ILO. It is intended that this will be both (i) a model from which the ILO can learn for future work development and (ii) an influence on existing Better Work programmes, like BFC, especially with respect to strengthening synergies and mutual reinforcement with DWCP design and

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<sup>23</sup> Ibid

<sup>24</sup> Recently, BW has ventured into footwear supply chains given the strong similarities and overlap with the garment sector.

implementation.

- Increased use of scaling-up strategies that go beyond countries with Better Work presence.
- Strengthening the Better Work model by : (i) fine-tuning the differentiation between factories (an approach now being introduced to Cambodia); (ii) bringing gender equality and social dialogue center stage in the model; (iii) piloting and integration of IFC complementary core services (productivity and, possibly, environment modules); and (iv) increased focus on root-causes of non-compliance.
- Deepening the interaction with brands and global suppliers through : (i) more attention to sustainable sourcing practices and (ii) engaging more systematically with new or emerging business players: licensors and e-commerce.
- Stepping-up efforts to influence national institutions and policies, including through the use of actor-centered strategies in engaging with different stakeholders.
- Strengthening the role of Better Work in influencing regional and global policy dialogues on decent work and the SDGs.

### **7.7.3 BFC alignment with DWCP 2016-2018**

The work of BFC, under its own strategy and project document, is directly reflected in the indicators and targets of the following DWCP Outcomes (refer Annex 3 for full details):

**Outcome 1.1:** Professional and technical capacities of social partners strengthened

**Outcome 1.2:** Improved laws, mechanisms and processes, particularly in the garment sector, for industrial relations, dispute prevention and resolution, and wage setting

**Outcome 1.3:** More effective application of equality and rights at work for discriminated-against and vulnerable groups

**Outcome 2.1:** Mechanisms for policy leadership, coordination, and implementation strengthened to support development and implementation of policies and programmes

**Outcome 2.3:** Effective progress made to enhance enterprise productivity, competitiveness, working conditions, and promotion of entrepreneurship

**Outcome 3.3:** Improved and expanded OSH, with a particular focus on hazardous work

An analysis of the status of current BFC wider ILO synergies and collaboration under the DWCP is presented in Section 9.3.5.

## SECTION B: ANALYSIS AND FINDINGS

### 8. OVERVIEW OF PROGRESS, LESSONS AND GOOD PRACTICES

#### 8.1 Programme snapshot

As indicated in Annex 2 and summarized below, all outcomes and outputs set out in the current BFC project document and workplan are on track to be either fully or partially completed by the end of 2018. The main outputs likely to constitute “unfinished business” are those related to strengthening the BFC/MOVLTA relationship and the long-term sustainability of the programme.

The overall high rate of expected accomplishment at outcome and output level is indicative of a well designed project document and results framework; good alignment with actual country and programme capacities; and effective programme oversight and management.

Completed as of March 2018	(25 % of outputs)
Likely to be fully completed by end of 2018	(80 % of outcomes; 90 % of outputs)
Likely to be partially completed by end of 2018	(20 % of outcomes; 10 % of outputs)
Unlikely to be commenced by end of 2018	(0 % of outcomes; 0 % of outputs)

**Table 2: Snapshot of BFC at work, 2016-2017**

BFC service category	2016	2017	Change
Number of BFC factories	567	541	-26
Number of workers in above factories	570,402	571,165	+763
Number of factories using BFC advisory services (1)	90	124	+34
Number of factories using BFC advisory training (2)	145	165	+19
Number of participants trained (workers and management)	1,595	1,667	+72
Number of BFC reports purchased by buyers (3)	450	644	+194
Number of factories from which buyers purchased reports (some factories have multiple buyers)	267	298	+31
Number of buyers purchasing BFC reports (4)	48	60	+12

- (1) Indicates steady growth, likely to increase in current and future years as increasing numbers of buyers (and increasingly international manufacturers/investors) require Cambodian factories with which they are linked to participate in BFC advisory and training services. For example, GAP is now requiring all of its Cambodian suppliers to enrol in the BFC advisory and training programme. BFC data shows that this trend is already underway, requiring an increased budget allocation to be made in 2018 to employ advisory and training staff.
- (2) Reflects the above-described trend.
- (3) A significant increase in a short time period, reflective of the importance of BFC services to the risk management strategies of buyers.
- (4) Shows a 125% increase, which constitutes a significant growth in the buyer engagement base.

## 8.2 Outcome-by-outcome progress summaries

The following section presents a summary by outcome of progress to date in implementation of the current BFC strategic phase (2016-2018). Key lessons and good practices are also presented by outcome and summarized in Section 10.

**Outcome 1: Cambodian exporting factories in the garment and footwear sector will have strengthened their capacity to improve and uphold compliance with the Labour Law.**

### 8.2.1 Progress to date:

**Core service delivery:** From July 2016 to June 2017, BFC assessed 517 garment factories, expanded to footwear (15 factories), commenced work in travel goods (2 large factories) and completed 447 assessment reports. Significant progress was made in providing bundled advisory and training services alongside assessment. 124 factories received advisory and 61 training sessions were completed. The growing demand for advisory and training services, accelerated by brands such as GAP requiring their suppliers to enroll, has been reflected in revised BFC budget allocations for 2018 to recruit new staff.

BFC is increasingly using field data to analyze common issues, trends and characteristics (e.g. common ownership) as basis for current trial of cluster approach to factory improvement. This involves working with a group of factories to foster cross-factory sharing of lessons and mutual learning and support. The extension of this approach is planned under the auspices of new pilot relationships currently being developed by BFC and BWG with international manufacturing groups JDU/Roo Hsing and Chrystal (part of a significant new partnership outreach by BFC).

**Compliance reporting:** In the same period, 644 report subscriptions were provided to 60 buyers, 26 of which are BFC-BW buyer partners. A cornerstone of the BFC reporting architecture is its transparency database and portal, which has become a model for the rest of the Better Work programme and is being rolled out globally.

As of March 2018, 554 factories were listed in the database, of whom 444 were currently active as a result of 110 factories having closed since the start of the current transparency phase. 1,378 assessments were held in the database. The rate of compliance with BFC's 21 critical issues has increased from 32 percent to 43 percent since the reintroduction of the database. The percentage of low compliance factories has dropped from 10 percent in May 2013 to 3 percent in November 2017. The number of violations of the 21 critical issues in all factories under BFC's purview fell from 766 to 594 in the same period (refer Section 8.4. for a detailed analysis of the impact of the database.)

**Strategy on industrial relations:** This was completed in 2017 with Arbitration Council support and is being put into practice to tailor BFC services to Cambodia's specific challenges in this regard. The strategy has been accompanied by the development of tools, guidelines and training at worker and management levels, as well as internal training to increase BFC capacity to carry out freedom-of-association (FoA) investigations and assess other relevant industrial relations issues. 514 workers and managers received training on IR and workplace cooperation in 2016.

Planned work on factory level IR improvement based on factory differentiation criteria remains to be implemented once clear guidelines are available for measurement purposes. Work in this area draws on existing ILO tools such as the IR Toolkit, the IR Risk Assessment methodology, the IR stakeholder analysis, the grievance advisory toolkit and others. The Cambodia Trade Union Law is a key reference in this context.

**Staff capacity for service delivery:** BFC has continued to invest strongly in staff training and systems to maximize the quality and impact of assessment, advisory and training services. This has included staff training by CARE on sexual harassment and by industrial relations experts in areas such as interview techniques and triangulation of data. Every staff member working on BFC service delivery undergoes a thorough 3-4 month induction programme, as well as 10-15 days of additional training on an annual basis. Other quality assurance measures include regular shadow visits of staff delivering core services, involving her/his team leader; and multiple checking of assessment and progress reports.

**Gender mainstreaming:** Progress in this area has been significant and ground breaking within the wider Better Work context. With respect to commitments to gender mainstreaming across all aspects of BFC work under Output 1.5, a gender strategy was developed and finalized at the end of 2016. The strategy sets out the rationale for the promotion of gender equality in the Cambodian garment industry, including a theory of change and action plan for 2017-2018.

A gender analysis of the Cambodian garment industry and BFC programme was finalized and published in February 2018 (titled “Towards Gender Equality – Lessons from factory compliance assessments”). This built on previous BFC research and publications on the status of women in Cambodia’s garment sector.

Progress in implementation of planned gender training factory level is gaining momentum. In 2016, training on equal opportunities and respect was offered but not run due to lack of factory interest. At least one such training (rebranded as “inclusive factories”) is planned to be run in 2018, and work is underway to further mainstream gender into other training modules. The preparation of guidelines for training of BFC staff on assessing sexual harassment has progressed with support from CARE. A number of other gender equality initiatives are under discussion with the ILO Senior Specialist on Gender and Non-Discrimination in the Bangkok Regional Office (see Section 9.3.4).

**Box 2: Lessons and good practices identified in implementation of Outcome 1**

The outstanding development in this context, standing as both a good practice and lesson with respect to the power of public disclosure, was the reintroduction of the transparency database in 2014.

As the analysis of the impact of public disclosure of factory compliance in Section 8.4.2 elaborates, the database has had an attributable impact on factory compliance levels and trends. The approach was pioneered by BFC and is embedded into the BFC mandate under the Garment Sector MOU, with support for it publically reiterated by BFC’s core partners in their December 2017 statement on the 34<sup>th</sup> BFC Synthesis Report. The results, along with the ongoing support and engagement of core partners, have shown that the ILO / BFC was correct in advocating for its reintroduction (refer Section 8.4.2 for a detailed analysis of the impact of the transparency database). A similar approach is now being rolled out in other countries with a Better Work programme, including Indonesia, Vietnam, Jordan and Bangladesh.

**Outcome 2: BFC will have strengthened its engagement with the Cambodian government to improve their capacity to identify, non-compliance issues, strengthen enforcement, and uphold labour standards.**

### 8.2.3 Progress to date

This outcome builds on previous commitments agreed with international donors, for example the 2011 US-funded “Expansion of Better Factories Cambodia” project for which Immediate Objective 2 was: Enhanced and modernized public labor inspection practices through improved law enforcement capacities. Project outputs included the provision of capacity building and training to strengthen governance of the labor inspection system; improved safety and health inspection capacities with special attention to chemical safety; reinforced capacity to address labor law compliance issues in subcontracting arrangements; and strengthened capacity to carry out awareness-raising campaigns on the Labour Law.

The extension until December 2019 of the MOU between the MoLVT, MoC, GMAC and ILO on their commitment to continuous improvements in the garment sector was a major milestone in this context in the current strategy period. The MOU commits BFC and the MOLVT to work together to “support government’s capacity and ownership to uphold compliance with the labour law and support remediation in the garment and/or other sector as appropriate.” This commitment underpins the delivery of the current programme strategy and project document.

Important accomplishments in taking forward the shared commitment in the current strategic phase have included:

- The finalization in early 2018 of a Joint Action Plan for BFC / MOLVT collaboration within the terms of the MOU. The intention is for this to underpin and guide collaboration through 2018 and into the next strategic phase.
- The development in 2017 of the joint checklist for labour inspectors, based on the BFC compliance assessment tool (CAT) and related tools. BFC provided the MOLVT with inputs from the enterprise assessors and advisors. All BFC assessment, advisory, training and analytical tools have been shared with MOLVT for their internal adaptation and application. A draft enforcement protocol and action plan around critical and zero tolerance issues in the garment sector have also been developed as a joint BFC/MOLVT instrument, but are still pending final agreement.
- In line with the joint BFC / MOLVT focus on low compliance factories in the sector, a stepping-up of joint monitoring visits. MOC officials always join such visits to date, MOLVT sometime joins and GMAC less frequently takes part.
- Ongoing training initiatives in areas ranging from strategic compliance planning (November 2017 and May 2018) to the dynamics of the garment sector global supply chain (March 2018). The Joint Action Plan foresees an intensification of such initiatives, to which have now been added the introduction of a Better Work Academy programme for Cambodia, one of three countries selected for such an initiative. The RGC Minister of Labour has approved BFC’s intention to proceed with a programme focused on OSH, an area characterized by relatively high levels of non-compliance and limited improvements. It is also a priority focus under the DWCP 2016-2018.

During a period of 12-18 months, the academy will offer four in-person learning events of approximately four days, with E-learning modules offered between courses as a way to continue to build and reinforce messages. Approval has been sought by BFC for 15 officials from the OSH Department join the training, as well as five participants from the Labour Inspection

Department. It is further proposed that five representatives be included from the private sector (factories as well as GMAC), as well as three representatives from the union movement.

The introduction of the Better Work Academy in Cambodia, along with planned ILO training on strategic compliance planning, TOT and other capacity development initiatives are highlighted in recommendations of this report as key components of ongoing BFC cooperation with MOLVT to strengthen labour inspection capacity, effectiveness and credibility.

Despite these important activities in the period since January 2016, BFC, MOLVT and wider stakeholder feedback all indicate that the BFC / MOLVT relationship remains “work in progress,” with ongoing attention needed to build and sustain a relationship based on trust and openness.

MOLVT feedback indicated a clear wish for stepping-up of BFC training support (including around implementation of the Joint Action Plan) and improvements in the regularity and quality of meetings and other communications. Senior MOLVT officials indicated to the evaluation team that they would like to prioritize a working session with BFC after the upcoming national elections to revisit, update and formalize the Joint Action Plan, and to develop a joint communications approach to promote it. It was agreed that the plan should be extended into next BFC phase. Officials also suggested that:

- more frequent meetings of the Project Advisory Committee should be considered by the members to allow more in-depth discussion of key issues concerning the sector; the strengthening of working relations and the avoidance of misunderstandings
- attention to the constraints of moving between English and Khmer language materials would be helpful, which MOLVT officials cited as an important reason for delays in the finalization of the Joint Action Plan
- a stepping-up of regular/structured BFC / MOLVT interaction around implementation of the Joint Action Plan would be important to help ensure momentum and common understandings
- greater collaboration with BFC on promoting gender equality within the garment sector and partner organizations would be welcomed, in line with MOLVT’s own commitments under Neary Rattanak IV and the Ministry’s internal Gender Mainstreaming Action Plan (GMAP).

MOLVT further commended the open and proactive outreach approach of BFC’s CTA, describing it helpful to improving relations and ensuring that issues are raised and discussed without undue delay.

As indicated in various presentations to workshops and in regular meetings with MOLVT, BFC remains committed to working jointly on improving the quality, openness and value-addition of meetings and all aspects of day-to-day collaboration in line with the Garment Sector MOU.

New energy is likely to be added to the relationship as a result of the soon-to-be finalized national garment sector strategy and current plans around strategic compliance planning and the Better Work Academy. The recommendations set out in this report propose several ways to continue putting the relationship onto a stronger footing in this context.

### **Box 3: Lessons arising from implementation of Outcome 2**

The development of a complex relationship such as that between BFC (an external agency with its own funding sources) and the MOLVT is a multi-layered and long-term process. Several factors influence such a process in the Cambodian context. These include the attention to national sovereignty and ownership issues that increasingly underpin RGC relations with the international community generally; and the impact of generally low capacity “starting levels’ across government ministries and departments in terms of resources, facilities, and skills.



Developing and sustaining openness and trust can be a hard earned outcome of many years of trial, mutual learning, patience and persistence. Critical to long-term success in such a context is a continuous process of working together at various levels around a shared vision (provided by Cambodia's national development framework and international commitments to), shared strategy and priorities (provided via the Garment Sector MOU and BFC/MOLVT Joint Action Plan); mutual respect (developed through working together towards shared objectives); and an appreciation of respective roles, authorities, comparative advantages and perspectives.

**Outcome 3: BFC will have strengthened its engagement and partnerships with key stakeholders for increased influence and impact on working conditions in factories and the systemic issues in the sector as a whole.**

#### **8.2.4 Progress to date: BFC stakeholder relations**

Further to the above analysis of the status of BFC/MOLVT relations, several other key stakeholder relations underpin the work of BFC:

**Ministry of Commerce (MOC):** A member of the Project Advisory Committee, MOC's role is crucial as it has the ultimate authority to approve and withdraw garment export licenses. At Ministerial level, MOC chairs a quarterly meeting of core BFC stakeholders for joint oversight and information sharing purposes. The Ministry participates actively in joint monitoring visits to low compliance factories and is a strong advocate for BFC's role on the garment sector, including in the virtual elimination of child labour. Relations with BFC were described as open, positive and constructive.

**Garment Manufacturers Association of Cambodia (GMAC):** GMAC described current relations with BFC as much improved during the current strategic phase. Interaction was frequent in various fora and described as "open and robust," with differences able to be talked through openly and frankly. GMAC shares the commitment to addressing issues in the low compliance factories and would welcome cooperation with BFC in the running of training programmes at its Cambodia Garment Training Institute (CGTI). BFC continued its collaboration with GMAC on the settlement of child labour cases as set out in the "Agreement on Child Labour Protection on 8 April 2014 (ACLPL)" regarding aspects of child labour field investigations and remediation. Under the ACLPL, GMAC ensures financial support from its members in cases of confirmed child labour.

**Trade Unions:** Strengthening this stakeholder relationship is prioritized by the programme strategy and project document. In addition to the BFC's relations with the three union representatives on the Project Advisory Committee (PAC), a key step in this direction has been an invitation to the union movement to select members of 20 different federations with an important garment sector presence to be part of an informal trade union contact group. The aim of the group is to build better understanding of BFC among unions and provide a forum to engage on sector issues. 12 union leaders who were part of an evaluation focus group emphasized the value of the contact group. As well as providing a good opportunity for inter-union information sharing and networking, the contact group was also seen as a good opportunity for BFC staff to learn about union experience and concerns.

Associated with this work, BFC has also developed a Facebook site to share information on worker's rights and responsibilities, as well as issues related to hygiene and wellbeing.

Consultations with union leaders indicated that they held BFC in high regard due to its ability to drive change at factory level by leveraging the influence of international buyers, as well as its own reputation for integrity, independence and transparency. The need for more visible attention to the role of unions within the PICC context was highlighted by two of the union representatives on the

Project Advisory Committee. Direct observations of the evaluation team during a PICC meeting in one garment factory reinforced this view. Union concerns about how to ensure BFC factory visits are not anticipated by employers, and ensuring the consistency and neutrality of assessment reporting by BFC assessors, are addressed elsewhere in this report.

**International brands/buyers:** This critical “leverage relationship” has expanded in the current strategic phase through outreach to buyers based in Hong Kong/China and the ongoing strengthening of the regular international and local buyer forums convened by BFC. It is a relationship which in many cases operates at global Better Work partnership level as well as at country level.

The buyer representatives consulted by his evaluation (GAP, H&M and Nike) indicted the high value placed on the forums as a platform for networking, information sharing and joint strategizing. All described their relationship with BFC as open, transparent and highly collaborative. The way in which BFC balances regular formal communications with proactive informal direct communication as the need arises was appreciated (e.g. an issue with a buyer source revealed by BFC’s assessment).

**Ministry of Economy and Finance (MEF):** BFC’s relationship with MEF has grown rapidly in the context of collaboration around the national garment sector strategy. BFC’s role in the strategy process is seen by MEF as pivotal, with one MEF economist stating that work would not have proceeded as it has without BFC’s facilitative and technical support, as well as its access through ILO / Better Work to other country experience and examples. BFC’s role in facilitating MEF links with private sector interests (including Cambodia and other country-based brands/buyers), as well as with Cambodia’s trade unions, was particularly highlighted in stakeholder consultations.

**International manufacturing groups and investors:** In sync with Better Work initiatives in this direction, BFC is currently developing new relations with international manufacturing/investor groups which have established and operate garment factories in Cambodia. The initial focus currently is on working with Hong Kong/China-based entities JDU and Chrystal. Through leveraging field data to identify common issues for attention across the Cambodian apparel sources of each group, BFC is expanding its cluster approach to factory improvement.

**Emerging, potential and revitalized relationships:** Collaborative relationships are in the process of being developed with UN Women and CARE; the relationship with IFC has potential for reactivation around the sector strategy; potential exists for developing relationships in line with BFC’s mandate with UNDP and the Ministry of Women’s Affairs; and scope exists for revitalizing collaboration with the BMZ/GIZ project.

### **8.2.5 Leveraging partnerships for systemic change**

Drawing on and leveraging the above relationships - along with its own extensive database, research and international links through Better Work - BFC has significantly strengthened its broader policy influencing role and impact in the current period. Undoubtedly a highlight achievement in this respect was its facilitation, research and technical role in helping to initiate and progress work with SNEC and MEF on the development of the garment sector strategy. This features below as a good practice example.

BFC’s role in the establishment of the Workers’ Transportation Working Group is a further example of BFC’s stepped-up broader influencing role, one that was widely commended by all stakeholders as an example of BFC’s “convening power” at work.

#### **Box 4: Lessons and good practices identified in implementation of Outcome 3**

**Lesson: Strategic orientation to stakeholder engagement:** BFC has increased its leverage to extend and sustain changes at policy and factory levels through the development of its relationship with MEF, the expansion of brand/buyer relations and its reaching out to international

manufacturers/investors , among others. Such initiatives demonstrate the importance of looking beyond established relationships to tap into new and emerging sources of influence, and contribute to widening the network for sustainable change at country level.

**Lesson: Potential to expand use of BFC’s hard-won “convening power” to facilitate collective processes for change:** Several stakeholders referred to BFC’s “convening power” as an asset that has been hard won over 17 years of presence in Cambodia. The potential exists for this widely acknowledged asset to be further judiciously and strategically employed to facilitate systemic change, including through enhanced collaboration and synergies amongst the multiplicity of external actors now engaged in the sector.

**Good practice example: BFC role in development of national garment sector strategy**

An outstanding good practice in the current period has been the development of the soon-to-be finalized national strategy for the long-term development of Cambodia’s garment sector within Cambodia’s wider national development frameworks, a process within which BFC (as indicated above) has played a much commended facilitation and technical support role from the beginning.

In 2016, following concerns expressed by stakeholders on the attractiveness and future of the Cambodian garment sector, BFC commissioned research into the competitive status of the industry . The July 16 report, titled “Cambodia’s Garment industry: Challenges, Opportunities and Ways Forward,” involved a local research partner and interviews with 27 factory managers, 11 sourcing representatives from US and EU based brands and 7 vendors (Hong Kong/China, China, Korea and Taiwan). The research confirmed the weakening of the attractiveness of the sector in an increasingly complex international environment and identified opportunities to strengthen its competitive base.

The research was shared with industry partners, the Royal Cambodian Government, unions and those who participated in the research, helping to initiate the current strategy formulation process. As mandated by the Prime Minister, MEF and the Supreme National Economic Council (SNEC), the body responsible for developing economic policies, formed a technical team to drive the drafting process. As a member of the technical team, BFC provided feedback on the initial analysis, facilitated consultative meetings with trade unions and business interests, organized a workshop on sourcing strategies and country case studies, and facilitated meetings with buyers, vendors, intermediaries and the Hong Kong American Chamber of Commerce.

**Outcome 4: BFC will have used its experience and data to inform and influence practices and policies related to responsible business practices in the industry.**

**8.2.6 Progress to date**

**Impact assessment:** Work on the independent country-level impact assessment by Tufts University and Indochina Research is well progressed, with the baseline findings having been released in January 2017 (“Assessing the impact of Better Factories Cambodia: Results from worker and manager baseline surveys.”). As noted elsewhere, the final full study will be available by the end of 2018 and aims to quantify impact on workers, firms, families and communities.

**Communications strategy:** A communication strategy focusing on industry best practices and results around working conditions was finalized in 2017. It is revisited annually as the basis for planning and monitoring ongoing communications, media relations, publications and outreach initiatives.

**Awareness raising/outreach:** As part of its awareness raising outreach to garment sector workers, BFC successfully completed the 6th edition of its radio competition to promote worker awareness of the Labour Law. The competition is designed to allow current and former garment and footwear workers to demonstrate their knowledge of and experience with Cambodia’s Labour Law. 279

workers applied to join the contest in live broadcasts on Radio Vayo FM.

BFC continues to operate a toll-free hotline for workers to access information about the Labour Law and personal health, as well as to rate the performance of their factories. The hotline uses Verboice software to operate a 24/7 automated service which can handle hundreds of calls at the same time without requiring additional staff input. In the first 9 months of operation in 2013, the system reached some 30,000 workers.

**Data leverage:** As indicated above, the current strategic phase has seen increased analysis and use of BFC field data to underpin factory improvement initiatives, responsible business practices and BFC communications and advocacy. In the first instance assessment data drives the delivery of factory-tailored advisory and training services (for example, on IR / FoA issues). Beyond this, field data provides the basis for ongoing BFC research and publications, as detailed elsewhere, as well as innovation in promoting factory improvement. Drawing on analysis of key trends and common issues revealed by its database, BFC has (as noted elsewhere) recently initiated a pilot cluster approach to factory improvement, providing a platform for mutual cross-factory learning and support. This approach is being extended into BFC's current development of relations with international manufacturing/investor groups JDU and Chrystal .

#### **Box 5: Lessons and good practice in implementing Outcome 4**

##### **Lesson: Importance of effectively using data as a driver for change**

As several stakeholders observed, BFC has access to a longstanding rich database covering most aspects of factory life as they concern both workers and managers in Cambodia. Strategically analyzed and applied, such data can inter alia (i) add significant authority to research, policy advocacy and public outreach in line with BFC's core mandate; (ii) inform the targeting and design of initiatives to promote change at factory level; (iii) improve organizational performance and the quality of core services and (iv) provide feedback which can improve individual staff effectiveness in their roles.

The good practice example below highlights the impact of data as a driver for change with respect to point (ii). A further good practice example under Outcome 5 highlights the impact of effective data use with respect to points (iii) and (iv.)

##### **Good practice example: Data analysis underpins new strategic relations with international manufacturer/investor groups**

One of the two new BFC relationships with international manufacturers/investment groups is that with Hong Kong/China-based JDU/Roo Hsing, a merger between a Chinese manufacturing group based out of Shanghai and a Taiwanese manufacturing group (Roo Hsing).

The group has 20 factories in Cambodia, 14 of which are part of BFC arrangement, with a total worker population of approximately 20,000. 10 of these factories are enrolled in BFC advisory and training services. Several important Better Work partners such as H&M, GAP, Levi's, The Children's Place and Primark have strategic relations with JDU/Roo Hsing

Data from BFC assessments show a mixed picture of factory performance, with OSH standing out as the most widely shared issue. Over the last three years, seven of the factories also had an FoA issue (now reduced to three). With respect to the assessment of management systems, 12 assessed factories met 61 percent of the questions related to systems in the areas of OSH and HR. Of the 62 'not met' findings overall, 32 related to HR and 30 to OSH.

In its meeting with JDU/Roo Hsing on 6 March 2018, BFC presented a series of proposed measures to increase the impact of management and BFC service delivery (including through the PICCs), and to improve accountability and reporting.

A set of conditions for success in the collaboration was also highlighted. These were: BFC consistency in service delivery and quality reporting; explicit commitment, including financial where required, from JDU/Roo Hsing; PICCs to meet in between BFC factory visit and do all reporting in the BFC system; and buyers' commitment to support JDU/Roo Hsing to make changes.

This approach shows the added-value of tapping into BFC data to underpin the design of an important new relationship. Alongside a similar engagement with the Chrystal group based in Hong Kong/China, this holds the potential for the further development by BFC of clustered/mutual learning and support approaches among Cambodian garment factories.

### **Outcome 5: BFC will have strengthened its governance and management for increased sustainability**

#### **8.2.7 Progress to date:**

**Role of Project Advisory Committee:** In recognition of partner requests to strengthen its role, the BFC Strategy and Project Document for the current phase envisaged the possible formation of a tripartite council or committee with a greater status and authority that (in addition to a BFC advising role), would be responsible for addressing issues in the garment sector that go beyond BFC's mandate. In the event, the committee decided not to change the existing ToR and attention in the meantime has been given to the effectiveness of meetings. In the period from January 2016 to March 2018, the PAC met twice yearly, with one meeting postponed at MOLVT's request.

**Staff professional development:** An overall BFC training plan has been completed and actively applied via an annual plan and calendar. Staff are actively engaged in training needs analysis and setting priorities via the BFC annual organizational and programme planning process

A continued focus has thus been maintained on continuous learning and training for strengthened national leadership within BFC. Internal training combines classroom and on-the-job approaches for soft and hard skills. 14 staff trainings were conducted in the period until June 2017, with three more planned for 2018. Two new national management team members joined the ILO Leadership Development Programme (LDP) in 2016 and one more in 2017.

Two increasingly important features of BFC's approach to professional development in the current phase have been (i) (as detailed elsewhere) an increased focus on "drivers of change", "learning chain" and systems-based approaches to the delivery of the BFC mandate; and (ii) the use of field data to monitor consistency of application and interpretation by staff of BFC assessment criteria, providing evidence-based feedback for performance appraisal.

Stakeholders interviewed for this evaluation universally commented on what they saw as a steady improvement in the quality and effectiveness of BFC staff and service delivery in the past three years. Concerns were, however, also raised by MOLVT, GMAC and trade union stakeholders about what was perceived as an occasional lack of neutrality and consistency in advice presented by BFC staff (for example, on union affiliations), and occasional lack of perspective and judgement in compliance assessment and reporting. This feedback has been reported to BFC for consideration and follow-up attention as necessary. The question of exercising judgement in making factory assessments is a complex one, which touches on the precise formulation of the criteria in certain areas, the bottom-line requirement to maintain standards and integrity, and the supervision,

monitoring and training of assessment staff.

**New pricing scheme for financial sustainability:** In the context of the core income sources set out for BFC activity by the Garment Sector MOU, BFC is working towards an increased contribution to financial sustainability by its factory-level work for the delivery of training and advisory and the use of reports by brands. As set out in its current phase work plan, the baseline in January 2016 for income generated in this respect was US\$800,000. In 2016, US\$ 790,518 was generated. The figure for 2017 was USD 985,688. The target for the end of 2018 is US\$900,000 (already exceeded in 2017). The overall current level of BFC cost recovery for services stands at about 80 percent, with a “next step” target of 85 percent.

A key factor in this respect during the current programme phase has been the implementation of Better Work’s revised global pricing policy for buyers and factories, which better reflects changes in its approach and value proposition and strengthens long term viability. Under the new model, the buyer fee is related to the size of the apparel turnover plus a component that reflects the effort that Better Work/BFC puts in to provide services to a particular buyer, to be calculated by considering all of the factories in Better Work countries that the buyer sources from.

For factories, the new model has clarified the services that they will receive when they subscribe to Better Work/BFC, making it easier to offer services as a package. At the same time, BFC estimates that the current pricing model will not be sufficient to fully cover BFC service delivery costs.

**Strategic outlook for long term sustainability:** As noted, this was a recurrent theme in stakeholder feedback . Section 8.4 provides detailed attention to the background and issues in this regard, while the recommendations of this report propose ways forward for 2018 and the next strategic phase.

#### **Box 6: Lessons and good practices identified in implementation of Outcome 5**

##### **Lesson: Understanding deeper inhibitors and enablers of change is crucial to strengthening BFC’s longer term impact and the sustainability of its impact, outcomes and capacities**

Several stakeholders highlighted the importance of what they perceived as BFC’s shift from compliance per se (as foundational as this is) to more systemic change, evidenced by BFC’s role in the development of the national garment sector strategy. BFC’s increased focus in staff professional development on “drivers of change, learning chain and systems approaches reflects these understandings and represent a significant enhancement of BFC’s critical capacities to contribute to systemic and sustainable change in Cambodia’s garment sector.

##### **Good practice example: Use of data to drive service delivery improvement**

One of several relevant BFC examples in this respect is the use of data from the evaluation of advisory and training activities for service delivery and individual performance improvement. BFC has pioneered the use of tablets and the Harvest IT platform for the analysis of evaluations provided by participants in advisory and training services. The technology enables evaluation feedback to be analyzed and fed back to participants and factory managers in the same day. Such data has also provided the basis of an annual report on results and fed into staff professional development and performance appraisal .

Based on this experience, Better Work globally has rolled the approach out to other country programmes using a different software package (Qualtrics), which BFC also intends to adopt. BFC have further developed an evaluation methodology to be applied at the end of each advisory cycle and will start testing this in May 2018.

## 9 KEY FINDINGS WITH RESPECT TO OECD EVALUATION CRITERIA

### 9.1 Relevance to Cambodian policy priorities and needs

The summary of stakeholder feedback on the role and impact of BFC in Section 9.3.4 presents a universal stakeholder affirmation of the continued (and in fact renewed) relevance of BFC's role and presence in Cambodia after 17 years. At the policy level, there is ongoing clear and specific alignment of BFC objectives and priorities with the NSDP, IDP, NEP, ratified international labour standards, SDG commitments, UNDAF and the DWCP 2016-2018 (approved and signed by Cambodia's tripartite constituents).

The sense of renewed relevance was linked by stakeholders who were interviewed to a range of factors. Standing out amongst these were the success of BFC's role with respect to development of the national garment sector strategy; its advocacy and facilitation role in mobilizing stakeholders to act collectively on the workers' transportation crisis; the growing evidence made publically available of attributable improvements in garment sector working conditions; and the oft-referred to proactive outreach to stakeholders by the BFC CTA around matters of common interest.

A public indication of the recognition by core partners BFC's ongoing relevance is provided by the 15 December, 2017 statement of the Project Advisory Committee on the release of the 34<sup>th</sup> BFC Synthesis report. In welcoming the report, the PAC:

- *states that they are encouraged by data indicating a sharp reduction on the incidence of underage workers in the sector and important improvements on public reporting issues, as demonstrated by the increased proportion of factories in compliance with all 21 critical issues as well as the overall reduction of number of violations with the 21 critical issues*
- *notes areas requiring renewed attention, such as emergency preparedness and other OSH issues such as chemical handling and personal protection*
- *encourages BFC to continue its efforts in supporting factories to develop better management systems to uphold strong policies and practices around OSH and human resource management, which are seen as important to continue to drive sustainable improvement in the sector*
- *recognizes the importance and value of sector wide initiatives to improve compliance with labour standards, such as the collaboration around child labour and BFC's public reporting.*
- *notes that such initiatives have demonstrably improved compliance with labour standards, improved working conditions for workers and help the sector increase its reputation*
- *welcomes increased collaboration, including around Zero Tolerance issues, which is necessary to effectively deal with instances of serious violations in the workplace*
- *recognizes that each PAC member has concrete responsibilities for making sector wide improvement happen.*
- *calls on the buyers and international community to continue to support the industry and BFC, and on the brands to play a more transparent role in ensuring workplace compliance and public reporting on their country supplier lists and sourcing patterns*
- *re-affirms full support for BFC and calls upon all stakeholders to re-double their efforts to further improve working conditions in the Cambodian garment industry.*

Such feedback echoes validations of BFC relevance provided by previous evaluations and studies at global and national level (refer Annex 7). The intensifying focus on impact and institutional sustainability under the current strategy and project document adds weight to this.

## 9.2 Efficiency of programme use of resources

In line with the Garment Sector MOU, the main sources of BFC financing are (i) the RGC (at a contribution rate based on the value of previous year garment exports); (ii) garment sector manufacturers (paid through GMAC at the rate of 0.6 USD per factory worker per year based on NSSF data); (iii) payment for BFC core services by international buyers (for reports) and by factories (for voluntary advisory services) and (iv) international donor contributions to cover remaining programme delivery requirements (about USD 1.6 million in the current strategic phase). The payment for services element of BFC income is further reinforced by the Garment Sector MOU statement that international buyers who use BFC services “will contribute to programme operation based on fees for services rendered.”

Evidence provided by interviews with BFC staff, review of BFC documents and previous evaluations findings indicates that BFC income and expenditure is well monitored and applied transparently in line with the requirement of programme outcomes and outputs. According to the evaluation of Better Work Phase III, BFC has stood out amongst its country counterparts for its ability to generate income from cost recovery in the delivery of services (assessments/reports, advisory support and training), with an 80 percent rate of return currently being shown according to BFC data. The Better Work evaluation also provided a positive assessment of BFC efficiency, noting that “efficiency is assessed positively, both at BWG and at country level although the picture is incomplete due to gaps in the available data. “

The evaluation further found evidence of rigorous internal attention to value-for-money considerations. This is demonstrated, for example, by (i) the tracking of per head costs of service delivery (USD 0.60 for assessment services, as stipulated in the Garment Sector MOU, and USD 80 - 120 USD per head for training services, based on BFC data); and (ii) the requirement for careful assessment of training costs, with the BFC office facilities used for this purpose to the degree possible. In this location, an attendance of 20 people is regarded as the break-even point. Events with a smaller attendance may be postponed .

BFC’s ability to demonstrate attention to value-for-money considerations in programme planning and delivery is seen as a selling-point in attracting and retaining international donor support. BFC’s own assessment is that the current pricing model applied by Better Work does not yet allow the organization to be fully self-sustaining .

With respect to BFC budgeting practices and monitoring, the evaluation found BFC practices to be transparent and responsive to emerging needs. The primary example of the latter in the current period is the need for revised 2018 budget allocations to meet the growing demand for factory advisory and training services. One major international brand noted this as a concern (as it was requiring its 40 or so local sources to purchase such services). BFC’s response was that such emerging needs are proactively monitored and the necessary decisions are taken in line with business needs and due budgetary diligence. In this case, the necessary adjustments have been made for 2018.

Stakeholder feedback also highlighted a few areas of concern with respect to BFC and Better Work efficiency. One major brand noted that BFC recruitments tend to be “slow and cumbersome,” as they are required to be conducted with the broader ILO HR system. This was seen as potentially posing a challenge when there is a need for more rapid onboarding of staff, such as in the current period of advisory and training service expansion.

With respect to the efficiency of Better Work tools, BFC staff highlighted lack of flexibility and other



shortcomings in the operational capacities of STAR, the IT backbone of the compliance monitoring system. These were seen as posing a constraint on efficient and flexible work practices, research and monitoring. Such feedback echoes that reflected globally in the evaluation of Better Work Phase III. The continuation of a less than optimal system inevitably pushes staff towards other solutions downloaded from the internet or developed at local level, potentially undermining the very coherence and one-stop shop approach that the current inadequate system was established to counteract. This report endorses and adds its weight to the relevant findings of the global evaluation.

Another consideration from an efficiency point of view is the degree of internal harmonization, synergy and collaboration demonstrated between and across BFC and other ILO programmes, services and capacities, particularly in the context of the Cambodia DWCP 2016-2018. Such internal coherence reinforces the efficient use of limited resources and the sharing of lessons, knowledge and information for mutual benefit and organizational improvement. This lens on BFC / ILO efficiency is examined in the following section on programme effectiveness.

### **9.3 Programme and management effectiveness**

#### **9.3.1 Overview**

Qualitative and quantitative evidence examined for this evaluation indicated a sustained level of satisfactory programme delivery and management in a rapidly evolving domestic context (including with regard to the competitiveness of the garment sector itself).

#### **9.3.2 Stakeholder relations**

A cornerstone of programme effectiveness, as well as impact and sustainability, is the quality of stakeholder relations. In this respect, the latest statement of the Project Advisory Committee (15 December, 2017) in response to the 34<sup>th</sup> BFC Synthesis Report (refer Section 8.1) indicates a high level of satisfaction with BFC progress and collaboration on the part of the national constituents. The earlier extension in 2016 extension of the MOU between the MoLVT, MoC, GMAC and ILO on their commitment to continuous improvements in the garment sector was also a major milestone in stakeholder relations the current strategy period.

As indicated throughout this report, BFC's partnership with the MoLVT is core to the delivery of the current programme strategy and project document, particularly linked to the assessment below on the current status of programme delivery with respect to BFC sustainability. As noted, the strengthening of this core relationship remains work in progress and needs to be prioritized further in the next BFC strategic phase.

In the meantime, important foundations have been laid during the current strategic phase for ongoing progress in strengthening the MOLVT relationship within the framework of the Garment Sector MOU. These include collaboration on the revised/improved checklist of the labour inspection services; the agreed concerted focus (also with MOC and GMAC) on low compliance factories; the development (still subject to further review and updating) of the Joint Action Plan; the development of an enforcement protocol and action plan around critical and zero tolerance issues (still pending final agreement); the initiation of ILO training on strategic compliance planning; the planned introduction of comprehensive OSH inspection training under the Better Work Academy; and collaboration on implementation of the garment strategy and actions to address the workers' transportation crisis.

As indicated in the summary of delivery by outcomes, at the same time relations have been stepped up with MOC and are in a very positive state; cooperation with GMAC is on a sound footing after a previous more problematic period; and steps have been taken to strengthen engagement with trade unions through the establishment of a wider and much welcomed contact group (to complement and supplement relations via the Project Advisory Committee).

A significant new strategic relationship has been developed in the context of the garment sector strategy process with MEF, which will be expanded and strengthened in the next strategic phase (with lessons for ILO engagement beyond traditional core ministries of labour more widely). A significant new strategic engagement is being developed with Asian-based international manufacturer/investor groups; relationships are being strengthened with UN Women and CARE; the relationship with IFC has potential for reactivation around the sector strategy; potential exists for developing relationships in line with BFC's mandate with UNDP and the Ministry of Women's Affairs; and there is scope for revitalizing collaboration with the BMZ/GIZ labour inspection capacity development project within the MOLVT.

### **9.3.3 Programme design documents**

The evaluation further found that the core documents underpinning and guiding BFC planning and programme delivery in the current phase - the BFC Strategy and project document - were well aligned with the realities of both the Cambodian context and BFC capacities. This finding draws on the above-mentioned analysis of programme delivery to date against the programme results framework; diverse stakeholder feedback; review of BFC internal and public reporting; and examination of previous evaluation reports. The overall high level of completed and likely to be completed outputs validates this assessment.

### **9.3.4 Gender mainstreaming**

As noted earlier, the current strategic phase has seen significant steps on mainstreaming gender and initiating gender-specific work across BFC's programme, within the framework of the gender strategy and associated theory of change and action plan. BFC has been a leader and innovator within Better Work globally in this regard. To maintain and strengthen momentum, scope exists for the next iteration of the overall BFC programme design to more comprehensively and systemically embed gender markers and requirements at the output, indicator and target levels across all outcome areas.

An analysis of the BFC results framework for 2016-2018 indicates that of 68 Key Performance Indicators, 11 have an explicit gender component. The same pattern is reflected in annual targets for 2016, 2017 and 2018. The majority of engendered indicators fall under Output 1.4 (BFC strategy on industrial relations is developed and implemented, tailoring BFC's core services to the Cambodian industrial relations challenges); and Output 1.5 (BFC gender mainstreaming approach developed and implemented to support the gender-specific issues that exist in the garment sector). The final indicator under Output 1.5 is of a cross-cutting nature, requiring gender-disaggregated data (GDD) to be collected and reported on.

The recommended wider embedding of gender mainstreaming commitments and measures across core programmatic documentation for the next phase will further strengthen BFC's leadership on gender equality and women's empowerment, enhancing accountability for all BFC stakeholders and staff in this respect.

Recent joint strategizing between BFC and the ILO Senior Gender and Non-Discrimination Specialist will add further weight to BFC's gender mainstreaming efforts in the remainder of 2018 and into the next strategic phase. *Inter alia*, the following areas have been identified for the development of broader BFC / ILO synergies: (i) women's leadership, voice and representation; (ii) women and the future of work; (iii) enhancing knowledge of women workers on their maternity protection rights; (iv) promoting unpaid maternity leave; (v): addressing discriminatory workplace practices (e.g in the context of the soon to be finalized Prakas in Cambodia on UDC/FDC and likely provisions on protection of pregnant workers under FDC contracts); and (vi) research in areas including the inhibitors and enablers of participation of women in PICCs.

### **9.3.5 Programme leadership and management**

In the 2016-2018 period, BFC has demonstrated significant progress in implementing the current strategy and project document to the extent shown above, while at the same time incorporating important new initiatives such as the strategic facilitation role around the garment sector strategy and opening of relations with international manufacturing groups and investors.

Feedback from internal and external stakeholders conveyed a clear sense of a "positive" energy organization with a clear sense of shared direction and priorities; a strong results focus (linked to agreed objectives for the current phase and an active monitoring regime); and a continuous learning orientation which is increasingly using BFC's rich data-base as a driver for change. Key to this is the role of the CTA, who demonstrates an adaptive and empowering management style; is able to link long-terms strategic vision with day-to day implementation and capacity requirements; and is widely recognized for her proactive outreach and partnership development orientation, including in challenging and rapidly evolving circumstances.

### **9.3.6 Integration within Cambodia DWCP 2016-2018**

Both the review of the Cambodia DWCP 2011-2015 and the stakeholder consultation carried out to develop the current BFC strategy identified scope for improvement in the latter regard. The past three years have seen important progress in addressing these findings, with (i) in the first instance, a substantial formal structuring of the BFC's current strategy and results framework into current DWCP outcomes and performance measures, and (iii) BFC demonstrating leadership to identify opportunities for collaboration and proactively reach out to other ILO colleagues.

The National ILO Coordination Office convenes regular meetings of all ILO project staff in Cambodia, at which information is shared and joint prioritization and planning is encouraged. ILO staff based in Cambodia described the meetings as "important" and "useful." BFC prioritizes senior level engagement in these meetings.

Key examples provided of BFC/wider ILO collaboration under the DWCP were

- Joint work with the ILO Labour Standards in Global Supply Chains Project (LSGSC) project. This included BFC support for LSGSC monitoring of minimum wage compliance data, as well as related communications and advocacy work. Such collaboration builds on the ILO's very active engagement in the development of Cambodia's current annual and increasingly evidence-based minimum wage setting process.
- Collaboration between BFC and the ILO DWT Labour Inspection Specialist around the training provided for MOLVT staff on strategic compliance planning. This holds the potential to be a core capacity development focus through 2018 and into the next strategic phase.
- Collaboration with LSGSC and ACTRAV on inputs into the development of Cambodia's garment sector strategy.

At the same time, some other stakeholder feedback was more mixed in nature. One bilateral interlocutor with longstanding links to both BFC and broader ILO engagement in Cambodia described his embassy's perception that the BFC was "bigger than the ILO" in Cambodia, and that the two entities were perceived (at least from a third party perspective) to function relatively separately. The ILO was described as "relatively anonymous overall," while BFC had a much stronger profile in both the development partners community and among local stakeholders. Differences of approach were also observed between BFC and the ILO more broadly, particularly round BFC's cost-recovery emphasis. The interlocutor suggested that the ILO as a whole could balance wider stakeholder perceptions by facilitating wider stakeholder dialogue and networking on decent work issues, clearly encompassing BFC within this.

The above-mentioned positive examples of wider ILO-BFC synergies notwithstanding, staff interviewed from BFC and the ILO Regional Office in Bangkok also indicated scope for continuing to strengthen mutually reinforcing links, particularly with respect to ACTRAV and ACTEMP trade union and employer association capacity development. The explicit incorporation of BFC's strategy, work plan and constituency into wider ACTRAV and ACTEMP planning would help facilitate such stronger linkages. The potential which also clearly exists for enhanced BFC / wider ILO collaboration and synergies around promoting women's voice, representation and leadership is already being acted upon. Ongoing joint planning involving BFC and the ILO/ROAP Senior Gender and Non-Discrimination Specialist is well progressed to this end.

Recommendations in this report include proposed ways forward to strengthen coordination, synergies and mutual reinforcement under the DWCP in line with new directions of Better Work globally (refer Section 6.7.2).

## **9.4 Impact and sustainability**

### **9.4.1 BFC impact reaching 2.4 million Cambodians**

At the global level, the evaluation report for Better Work Phase III notes that the programme has shown potential to trigger effects in various domains. The report points to "the impact of the bundle of services delivered to the factories, including advice, training and compliance has had with regard to working conditions, families' welfare and factories' competitiveness. All these impacts have been extensively studied and documented by the impact research conducted by Tufts University."

At the Cambodia level, various research studies have been carried out and published on the impact of BFC (refer Annex 7), to which will soon be added the previously-mentioned independent country-level impact assessment conducted by Tufts University and Indochina Research.

Existing available findings in the meantime indicate that BFC's contributions over 17 years have made a significant difference in terms of the programme's purpose and objectives. Recognizing that BFC's work remains "unfinished," *inter alia* the programme has been shown to have:

- Played a major role in sustaining the overall growth of Cambodia's garment industry. Despite a downturn in employee numbers during the global financial crisis of 2008, the sector has grown from 150,000 workers in 2001 to approximately 600,000 workers currently (650,000 workers if footwear and travels goods workers are included)

A key driver in this growth has been the enhancement of Cambodia's reputation as an ethical apparel source, which various studies and all BFC stakeholders link to BFC's presence and contribution. A letter from the American Apparel & Footwear Association (AAFA, 17 October

2017) on behalf of the U.S. garment, footwear, and travel goods industry (representing more than 1,000 brands) highlighted the RGC's role in "spearheading the implementation of the International Labor Organization's (ILO) Better Factories programme, which has become an example for the rest of the world." The impact baseline survey conducted by Tufts University in 2016 indicated that 40 percent of factory managers regarded BFC enrollment in BFC as a key factor helping their factories to obtain additional orders and/or better contract terms.

- Contributed to improving the approximately 2.4 million Cambodian lives dependent of garment sector earnings (at least three other family members for each garment sector worker). These earnings have been essential in helping many of them to take first steps out of poverty, providing initial opportunities to improve their health, nutrition, education and living conditions.
- Created a level playing field for labour across all Cambodian garment exporting factories, based on wider awareness and application of Cambodia's Labour Law and international labour standards.
- Influenced business practices across the sector through leveraging factory data to drive improvement, including through the PICCs, and becoming a core element in the risk management strategies of international brands/buyers.
- Made Cambodia's garment factories safer. Since the government (and employers and unions) endorsed the reintroduction of BFC's public reporting in 2014, factories are better prepared for emergency situations, with many more factories doing regular emergency drills and having exit doors unlocked.
- Virtually eliminated child labour in collaboration with GMAC. In 2011, child labour occurred in 9 percent of factories. This was reduced to 2 percent in 2016. Most cases now involve underage workers, so between 12 -15 years.
- Ensured that workers are receiving the correct levels of wages and social protection benefits . In 2001, workers in over 30 percent of factories were not paying wages correctly in relation to the minimum wage. This has now reduced to less than 2 percent of factories.

When the government increased worker benefits such as transportation allowance and attendance bonus in 2012, many factories also did not pay these correctly, a situation that has now been largely rectified . Since 2014, the minimum wage process established with ILO support has been increasing levels every year, currently set at USD 170 compared to USD 100 USD three years ago. Important improvements have further been made to social protection provision for workers (another area in which the ILO has been actively engaged under the DWCP). For instance, pregnant workers will be paid 70 percent of their wages during maternity leave, an increase to the previous 50 percent that employers were required to pay. Women workers are entitled to this benefit if they have been contributing to the National Social Security Fund (NSSF) for one year.

In addition, BFC is exerting a positive influence on Cambodia's wider garment sector, beyond the exporting factories. As noted previously, an estimated 300 additional small workplaces (sub-contractors, dye makers, washing etc) are not covered under the BFC mandate. BFC's engagement in the development of a national garment sector strategy; the strengthening of the labour inspection service; and contribution to helping to keep the industry viable will bring flow-on benefits for workers and employers in the wider sector.

A minority of external and internal stakeholders conveyed a less positive view of BFC’s systemic impact, citing the lack of progress on raising minimum wages for a major part of BFC’s existence, prior to 2014; a lack of explicit attention to improvements in the lives of workers and their families; inadequate attention to the needs and role trade unions; and an inability to move progress in the sector beyond a certain point (the “levelling-off” tendency for low compliance factories mentioned by a some stakeholders and referred to elsewhere).

In light of the above summary of attributable BFC impacts and earlier analysis of the important initiatives taken to strengthen BFC’s influencing role and service quality since 2016, this evaluation is satisfied that these concerns have been addressed. Further light will be shed by the end of 2018 on the improvements in workers’ lives as a result of the published findings of the current Tufts University impact assessment of BFC. The lead for ILO engagement on minimum wages furthermore does not sit with Better Work or BFC, although (as indicated elsewhere), BFC and the ILO Labour Standards in Global Supply Chains Project (LSGSC) collaborate actively on minimum wage data gathering and compliance monitoring.

#### 9.4.2 Transparency database demonstrates power of public disclosure as change lever

As indicated previously, a key factor in the strengthening of BFC impact on factory performance in the past five years has been the reintroduction in 2014 of public disclosure of factory compliance via the BFC transparency database (refer Annex 5 for details of the transparency database process and steps). The data set out in Section 8 makes clear the contribution the database has made to improvements in factory performance, with a significant reduction in the percentage of low compliance factories and the overall number of violations of the 21 critical issues.<sup>25</sup>

Further analysis of the data shows that the highest rating area of positive change was the holding of six-monthly emergency evacuation drills (17 percent). The second highest area of change was the unlocking of emergency doors during working hours (7 percent). Other areas to show improvement (each five percent) concerned the payment of bonuses, allowances and leave; no discrimination against workers and no unremediated child labour.

The highest areas of non-compliance rates amongst factories on the database with respect to the 21 critical factors are shown in the following table:

**Table 3: Critical issues with highest non-compliance rates (2017)**

Critical issues	Number of non-compliant factories	Percentage
Regular emergency evacuation drills	107	24%
Dangerous machine parts have safety guards (not needle guards)	92	21%
Drinking water is clean and sufficient	66	15%
Emergency exit doors are unlocked during working hours	63	14%
Bonuses, allowances and leave take into account the entire employment period	52	12%
No discrimination against workers	37	8%

<sup>25</sup> Robertson, Raymond (2018) “Lights On: Public Disclosure and Compliance: Evidence from Better Factories Cambodia,” forthcoming Better Work Discussion Paper

It is notable in the above table the extent to which the areas of highest non-compliance with the 21 critical issues aligns with the areas of greatest improvement since the introduction of the transparency database. This demonstrates both the positive impact of BFC's focus on addressing the major low compliance areas as well as the need for ongoing attention to eliminate the problems.

Other notable conclusions emerging from analysis of the BFC transparency data during 2016-2017 include:

- Factories that were closed in the period concerned have lower compliance rates than factories which continued to operate, while compliance with BFC criteria increased the probability of survival
- Retrogression to lower levels of compliance is less likely to occur.

At the same, the data analysis indicates that while low compliance factories take actions to increase compliance prior to be listed in the transparency database, once on the low compliance section of the database, performance appears to stagnate or deteriorate. This observation reinforces the importance of steps being taken by BFC (and by Better Work more broadly) to seek strategic entry points to stimulating ongoing momentum for ongoing improvements, so that the businesses themselves embrace and drive change to meet their own business imperatives, bringing benefits to all concerned – investors, individual factories, workers, brands/buyers and consumers.

The evaluation found that BFC, linking closely to wider Better Work experience, learning and initiatives, has responded proactively to this challenge, reinforcing its relevance to the evolving national context for the foreseeable future, even after a 17-year presence in Cambodia. A number of key BFC initiatives in the period 2016-2017 stand-out in this context. As elaborated further in Section 8 (progress against outcomes), these include:

- The recent reaching out to international manufacturing/investor groups active in Cambodia
- The intensification of engagement with brands and buyers, including in fora outside Cambodia (e.g. Hong Kong/China). The emphasis on extending and strengthening advisory and training services through (i) employer/worker collaboration in the development and implementation of factory improvement plans; and (ii) the progressive increase in the service cost recovery rate as a means to both enhance financial sustainability and increase purchaser (i.e factory) buy-in and ownership.
- The increasing focus on women's leadership, voice and representation, particularly within the PICCs, noting that the initial Tufts University impact baseline study highlighted this as a crucial change ingredient at factory level.
- The increased attention to efficient and systematic data analysis and its use for both larger policy and paradigm shifting initiatives in line with the BFC core mandate - for example, the key role in the development of the garment sector strategy and addressing the workers' transportation crisis; and as a driver for improvement of organizational performance.
- The internal focus on an organizational culture and staff skills base which emphasize "drivers of change" and systems approaches, i.e. developing an orientation and related skills to work with factories and others stakeholders on moving beyond compliance to systemic, factory-owned and sustainable change in line with national law and international labour standards.

Further to the above, a BFC analysis of factory assessment data related to the 13 management systems questions provides additional insights into key factors for change. This data is directly relevant to BFC's recent implementation of a "differentiation" approach within its new advisory services, which is aimed at high achieving factories in line with wider Better Work practice. In order to be "promoted" into this category, and hence be subject to less regular assessments and follow-up, a factory needs to meet a list of requirements including compliance with all 13 management

systems questions. The data analysis indicates that there is a direct correlation between the rate of compliance for the management systems questions and the rate of overall non-compliance for factories, with:

- a. the factories with zero compliance for all management systems showing the highest average overall non-compliance rate
- b. the factories with complete compliance for all management systems questions have the lowest average non-compliance rate.

The data thus points towards the quality and effectiveness of factory management as a key factor in ensuring overall compliance, and vice-versa. This highlights an important focus for BFC and wider ILO / ACTEMP attention in the longer term.

### 9.4.3 Sustainability of impacts a pressing question for BFC long-term planning

A recurrent theme in stakeholder consultations was the issue of BFC's long-term future in Cambodia. As well as strongly acknowledged the contribution made by BFC over 17 years to the success of the Cambodian garment sector as indicated above, all stakeholders interviewed also noted the need to be looking ahead to long-term options which sustain BFC's outcomes, impact and capacities. None advocated a rapid change to current arrangements, acknowledging that the necessary capacity and credibility does not yet exist within the public inspection service to meet international requirements and key stakeholder interests. Following is a summary of key points of stakeholder feedback in this regard:

**MOLVT senior officials** affirmed the value that BFC brings to the Cambodian economy through its contribution to maintaining and improving the international reputation of the industry, noting the importance of the ILO "brand," and the credibility this bring to BFC's role. They highlighted the underpinning of the BFC role by government regulation and the legal requirement that garment exporters in Cambodia engage with BFC in order to obtain and retain their export license (a quite unique factor within the global Better Work programme).

MOLVT officials further emphasized the distinction between the public inspection role of the MOLVT (with legal enforcement authority) and the monitoring role of BFC. A major priority was placed on implementing the recently agreed Joint Action Plan with BFC, which is premised on technical support by BFC and MOC to support the MOVLT to "effectively implement laws and regulations on low-compliance enterprises," in line with Garment Sector MOU.

The Joint Action Plan is seen by the MOLVT as contributing to the ability, in time, of the ministry to "produce reports on conditions in the sector with the same level of credibility as those of BFC." The commitment in the plan to a joint focus on low compliance factories was highlighted, as were the benefits already experienced as a result of BFC training in areas such as strategic compliance planning, OSH and the dynamics of the global garment supply chain.

**MOC senior officials** reiterated the value to the Cambodian economy of BFC's role, *inter alia* highlighting the positive impact on export growth and inward investment; the leverage value of BFC's relations with international buyers; the importance of the joint approach with MOLVT and MOC to targeting low compliance factories; and the virtual elimination of child labour in the sector, which they attributed to BFC monitoring and follow-up, in association with GMAC. MOC officials further pointed to the pride that they and other stakeholders take from the fact that the global ILO Better Work programme grew from BFC's experience and success in Cambodia.

The experience of the **Ministry of Economy and Finance (MEF)** with BFC is more recent, centred around collaboration on the formulation of the garment sector strategy. MEF officials described



BFC's facilitation, advocacy and technical support in this regard as pivotal. One noted that "without BFC support and advice, we would not be in the position of being almost ready for submission of a draft strategy to the SNEC."

**GMAC** reiterated the contribution of BFC to the reputation and long-term growth of Cambodia's garment sector, as well as to the current development of a long strategy for the future of the sector. In a public statement during the period of the evaluation field mission, GMAC further noted that the ILO /BFC had contributed in recent years to "a remarkable improvement in working conditions and rights...". At the same time, GMAC noted the need to be looking more explicitly at a transition strategy towards a fully capacitated and adequately resourced MOLVT labour inspection service.

**A focus group with 12 trade union leaders** emphasized BFC's high profile at factory level and the priority given to BFC assessments by factory management. BFC has a "strong reputation to leverage for change," commented one union leader. The group as a whole supported an ongoing role for BFC services and advocacy efforts in the current circumstances. Union representatives on the BFC Project Advisory Committee who were interviewed further pinpointed BFC's transparency, lack of corruption, well recognised integrity and good relations with international buyers as key factors in its contribution to the improvement of working conditions for garment sector workers. "The employers are scared of BFC's influence, so will act to improve conditions," commented one.

**Buyer representatives** (GAP, H&M and Nike) reinforced feedback given to previous evaluations on the importance they place on BFC's ongoing presence, highlighting the value of BFC reports alongside their own extensive internal requirements, processes and standards, as well as the importance of BFC's role as a core element in their own risk management strategies. Buyer representatives noted that only the Disney company relies 100 percent on BFC services and reports, without requiring its intermediary companies to conduct parallel internal assessments.

When asked about the added-value of BFC's monitoring/assessment and reporting alongside their own efforts, they also highlighted the "credibility, integrity and neutrality" of the ILO "brand" and the positive impact of BFC's public disclosure programme on factory compliance.

The "convening power" of BFC was also seen as a vital factor in its value to buyers, particularly in areas such as the development of the garment sector strategy, collective action underway to address the worker transportation crisis and the convening of the highly-valued international and local buyers forums. The buyer representatives noted that if BFC was to phase out of Cambodia in the foreseeable future, they would have no option but to step-up their own internal compliance efforts. This would entail greater internal costs, a loss of the impact of the ILO "brand" and a decline in the overall efficiency and impact of collective efforts. In the meantime, a number of brands undertake their own direct advocacy efforts to advance their interests with the Prime Minister, Minister of Labour and senior MOLVT officials. More recently, brand associations have been jointly communicating with the RGC about concerns they have related to common issues.

Delegations visiting Cambodia from the EU and Canada during the period of the evaluation field mission reinforced the buyer feedback. Despite concerns over recent political developments within Cambodia, the EU committed to the ongoing strengthening of trade and investment ties, as well as support from the EU for Cambodia's greater integration into regional supply chains and ongoing economic diversification. Canada's Ambassador to Cambodia, Lao and Thailand further acknowledged advances in Cambodia's garment factory labour conditions, indicating the possibility of increased exports to the Canadian market.

Taking account of the universal validation of BFC's role and directions from the above-listed core stakeholders, key underpinning themes in stakeholder feedback were (i) that the time is not right to be looking at a phasing down or fundamental reorientation of BFC engagement in Cambodia; and (ii)

the current focus on cooperation with the MOLVT to strengthen Cambodia's own inspection capacities and credibility needs to continue as a core priority for both the programme itself and wider ILO initiatives in Cambodia. This strongly resonates with feedback provided by stakeholders for both the last BFC evaluation (2015, refer Annex 7) and the formulation for the current BFC strategy.

#### **9.4.4 Long history of BFC sustainability discussions**

A key element of the landscape for such discussions with BFC stakeholders for the current evaluation was the history of examination of BFC's role and sustainability in the Cambodian context. When BFC was established in 2001, the programme had a timeframe of three years, similar to that of the Cambodian Arbitration Council which was established with ILO support at about the same time. While the Arbitration Council was institutionalized as an independent entity under Cambodian law in 2003 and remains supported by the Arbitration Council Foundation, BFC has continued as a project of the ILO.

During its initial three-year period, it was intended that BFC would train the government's labour inspectors to take on full responsibility for all services. In the event, despite the ending of the trade agreement between the US and Cambodia, the RGC came to realise BFC's importance in the context of its trade policies, particularly from the perspective of national reputation as an ethical apparel sourcing destination. By then, BFC had already become an essential factor in buyers' risk management strategies and played a key role in buyers deciding to begin or continue sourcing from Cambodia.

In 2006, the ILO and the International Finance Corporation (IFC) agreed to collaborate on the establishment and development of the global Better Work (BW) programme. Better Work drew on the achievements and lessons of the BFC experience to develop a global approach that could be implemented in other countries. An essential element of Better Work from the start was a vision for sustainability based on each country programme becoming financially self-sustaining and legally independent after five years.

It was intended, in this context, that BFC would "separate" from the ILO in 2010. To underpin such a development, a comprehensive programme of work was initiated, supported by ILO and IFC, to examine ways forward in areas such as financial modelling, cost recovery, design of HR and legal options, as well as programme and IT policies and procedures which would best fit the BFC as independent entity. Change management preparations with staff also commenced. The orientation at this time was towards the establishment of a social enterprise model.

However, in 2010, MOC decided that it was in Cambodia's best interests to continue with the implementation of BFC as part of the ILO. Key factors in this regard were the ILO "brand" of independence and neutrality (still highlighted above by all stakeholders as a BFC comparative advantage), along with its track record on the ground in promoting the reputation of Cambodia as an ethical apparel source. BFC thus continued operating as an ILO "Technical Cooperation Project<sup>26</sup>," albeit with an important shift within the wider Better Work framework towards the generation of income from fees for the delivery of core services.

The issue of institutional and financial sustainability was an important theme in consultations with Cambodian constituents and other stakeholders during 2015 for BFC's current strategy. Although the final evaluation of the last BFC strategic phase had recommended that "the Project and the ILO constituents should make all efforts to develop an independent entity" in order to ensure the sustainability of BFC's role and work, stakeholder feedback at that time generally indicated that the

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<sup>26</sup> The ILO terminology in this regard is now "Development Cooperation Project"

creation of an entity separate from the ILO was not seen as a priority (or necessarily as the best long-term option). It should be observed in this context that buyers (then, as now), continued to regard BFC as essential to their risk management strategies of many brands. They indicated that if BFC were to leave, they would have to rely on their own internal systems, or other independent bodies, with potentially significant implications for the country's international risk ratings.

At the same time, overall feedback at that time also indicated a shared preference for BFC to be a timebound programme. It was generally considered that although it was premature at this point to pass all roles fully back to the relevant RGC agencies, it was nonetheless time to look more seriously at much closer and more effective structured collaboration with the MOVLT to strengthen the systemic long-term sustainability of the programme.

These conclusions provided a major cornerstone of the current BFC strategy, project document, work plans and monitoring framework. Accordingly, the current strategy envisages intensified BFC/MOLVT collaboration which is based on strengthening the ministry's own capacities and systems. The BFC project document and workplan prioritize the development of a strategic outlook and vision for further long term sustainability after 2018. This includes an assessment of the institutional sustainability options for the current BFC core services.

Several steps have been taken in this direction. The Minister of Labour, in response to a BFC request, appointed a working group and secretariat for closer collaboration with BFC, with a focus on institutional sustainability. BFC organised a meeting in March 2016 to initiate collaboration between BFC and the working group and secretariat. During this meeting, the MOLVT clearly indicated that (i) the aim of collaboration should be for its own staff to fully take on responsibility for a dual role in assuring compliance and enforcement to uphold the labour law and (ii) BFC's role should shift over time from independent implementation to ensuring the quality of the MOVLT's own inspection services .

The priorities of this meeting were incorporated by BFC into a draft action plan (with core logframe components) centred on the following areas:

- collaboration on enforcement, particularly the low compliance factories and the factories with zero tolerance issues
- strengthening MOLVT's capacity to target workplaces for inspection in a strategic way
- increasing the capacity of the MOLVT on how BFC carries out the assessment
- sharing BFC's tools and guidelines for carrying out assessment
- strengthening MOLVT's capacity to report on its labour inspection findings
- strengthening quality assurance systems
- knowledge sharing and reporting on the implementation of the strategy and joint action plan.

A Joint Work Plan on this basis was finally agreed in early 2018 after many delays, including as a result of internal MOLVT consultation requirements and the need to translate text between English and Khmer. The current version provides a cornerstone for ongoing BFC/MOLVT collaboration into the next BFC strategic phase, as reflected in the recommendations of this report.

#### **9.4.5 Grappling with enabling and constraining factors for change**

Three recurrent themes in stakeholders consultations concerned the need to (i) move beyond compliance and factory level improvement to more systemic and sector-wide approaches; (ii) develop approaches which strengthen factory and investor ownership of the business case for improvement, so that the drive for change is increasingly internally driven; and (iii) more deeply understand the factors that inhibit or enable the necessary behaviour to embrace change at

enterprise level for the benefit of all concerned.

As described elsewhere, these themes are already understood and being increasingly addressed within BFC through the deliberate development of an organizational culture and staff capacities which are premised on “getting under the surface” to identify personal, institutional and cultural levers for change in line with BFC’s mandate.

The Better Work Phase III evaluation report also contains a relevant reflection on factors which help to explain the frequent gap between country level agreements and actual progress on the ground (observed in Cambodia, for example, with respect to institutionalization and sustainability objectives). The following reflection on these issues is summarized from the Better Work Evaluation report:

While proving that Better Work has an effective model to address a number of critical decent work deficits at factory level, the Tufts University impact research also identified some of the limitations of monitoring on minimum standards, especially in contexts where those standards do not provide a decent income (living wage) and other aspects of decent work are missing (e.g. social protection and professional development opportunities).

The solutions for these problems lie to a large extent beyond the factory level, particularly at national level (policy and legal frameworks) and in the sourcing practices of brands - both areas prioritized in the Better Work Phase IV. However, the report raises the question whether Better Work is mobilizing sufficient capacity and expertise to contribute substantially to these systemic challenges. For example, asks the report, if research is showing systematically that investing in working conditions pays off in many ways, why are factory owners not adopting those insights massively? Why is progress so slow amongst the brands in making their sourcing practices more sustainable?

The report notes that recent findings from research on the critical characteristics of successful programmes aiming at inclusive markets<sup>27</sup>, are largely in line with the experiences of Better Work’s emerging approach<sup>28</sup>. One key conclusion of this research provides a pointer of where Better Work should still attract more expertise. “It relates to three areas where innovations can occur: (i) business models and practices; (ii) formal laws, regulations, and policies; iii) and informal norms that guide the behaviors of various actors.

Through its work on the ground, its interaction with multiple supply chain actors, and collaboration with other ILO programmes and IFC, Better Work has gained substantial experience in above-listed areas (i) and (ii), but is regularly experiencing difficulty in influencing the more intangible and persistent world views of different stakeholders. So, with the programme expanding from the factory level to influencing higher level agendas, new challenges are emerging related to dealing with political-economy issues, social norms and collective action problems.

For these kind of challenges, arguments are being increasingly made in various international settings on the need to strengthen institutional and professional capacities to “Think and Work Politically (TWP).” Interesting research on the application of these principles in large, multi-sector

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<sup>27</sup> Harvey Koh, Samantha King, Ahmed Irfan, Rishi Agarwal, Ashvin Dayal, Anna Brown. (2017). How Funders and Intermediaries can Help Markets Move toward Greater Economic Inclusion. <<https://www.fsg.org/publications/shaping-inclusive-markets>>

<sup>28</sup> Aside from stressing the dynamic nature of market shifts which requires an iterative and adaptive approach to navigate its complexities, the study argues for approaches which move beyond one-dimensional strategies. In reality, most often multiple strategies need to be mobilised which together bring multiple innovations into the market, and intermediaries need to try to create synergies between them.

contexts<sup>29</sup>, shows that programmes are increasingly good at *thinking politically* but face serious problems in putting these ideas into practice (*working politically*).

When comparing the critical success factors for TWP with those currently applied by Better Work, it emerges that the latter's management and governance approach resonates with several of the capacities identified as supportive of TWP approaches. For example, Better Work has developed an innovative learning practice in the way research findings are internalized and used to renew strategies, an approach that can be labelled as adaptive management. Two further TWP capacities highlighted for attention by Better Work in this respect are (i) high numbers of national staff in programme management positions, especially staff with political knowledge and 'insider' networks and (ii) a system for problem selection and identification which has a preference for local partners and the political dimensions of reform.

It is the view of this evaluation that such thinking, already reflected in Better Work global strategizing and innovations, as well as being increasingly embraced at country level in BFC, is pivotal to the addressing challenges outlined at the beginning of this section. Recommendations are accordingly made to reinforce and deepen this aspect of BFC's internal development trajectory.

#### **9.4.6 Financial dimensions of BFC sustainability**

While considerations of BFC's sustainability of impact, outcomes and capacities are multi-faceted, the financial component is critical and warrants specific attention in addition to the earlier summary of actions taken to increase the contribution of BFC factory-level work to financial sustainability.

Questions were raised during evaluation consultations about BFC's cost recovery approach for advisory and training services, and whether the costs involved constituted a burden or disincentive for participating factories. Based on data provided by BFC and stated under the Garment Sector MOU, it is the assessment of this evaluation that BFC's cost recovery charges are eminently reasonable in the context of the value-addition of BFC services to factory business interests and viability.

Three factors indicate that the level of payment for BFC services is regarded as reasonable by users. The first is the increasing trend for brands to require their source factories to participate as part of their own risk management strategies. The second is the fact that some factories within the orbit of at least one major brand are purchasing a second round of advisory and training services. The third is the positive spirit of current negotiation around costs and services charges for BFC engagement with factories owned by Asian-based international manufacturers/investors, where value for money considerations based on current charge-out levels are a key consideration.

A second question that has emerged with respect to BFC cost-recovery concerns whether such BFC income should be taxed. This issue has been carefully scrutinized by the ILO Legal Department. The department's advice is that BFC fee-for-service income is not liable for taxation, as (i) such cost recovery charges are mandated under the Garment Sector MOU; (ii) such BFC income is not subject to taxation under Article III, Section 9(a) of the Convention on the Privileges and Immunities of the Specialized Agencies, to which Cambodia acceded in 2007; and (iii) BFC income-so-earned is not subject to VAT under Article III, Section 10 of the above-mentioned Convention.

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<sup>29</sup> Thinking and working politically in large, multi-sector Facilities: lessons to date; Abt Governance Working Paper Series; Issue 2; November 2017: <https://abtassocgovernancesoapbox.files.wordpress.com/2017/11/abt-associates-governance-working-paper-series-issue-no-2-final-171120.pdf>

#### **9.4.7 Long term sustainability approach: “Crossing the river one stone at a time”**

With respect to more explicitly defining the institutional, legal, financial and operational options through which BFC sustainability would be ensured in the long-term, this evaluation notes:

- The already agreed and prioritized intensification of BFC/MOLVT collaboration to develop requisite Ministry capacities, now underpinned by the Joint Action Plan.
- The intention for work on the MOLVT’s next five-year plan to commence after the upcoming national elections, providing an opportunity to reflect the Joint Action Plan (duly updated) and BFC’s wider work on the garment sector strategy.
- The significant expansion and potential of BFC’s relationship with MEF (in sync with ILO/MEF engagement around social protection), along with the potential for a revitalized relationship at country level with the IFC and emerging relationships with UNCT counterparts and international NGOs .
- The opportunities provided by the planned evaluation of the Cambodia DWCP in 2018 and the design of its successor document to commence in 2019 - BFC will continue as a core component of wider ILO engagement in Cambodia, but with potential for stronger mutually-reinforcing synergies with other ILO programmes and projects.
- Ongoing developments within Better Work globally of relevance to Cambodia (e.g. the focus on strengthening BW / ILO / DWCP synergies; engagement with international manufacturing and investment groups; and the introduction of the Better Work Academy at country level, including in Cambodia.
- The multiplicity of potential ways forward in terms of BFC long-term sustainability - some stakeholders indicated interest in a hybrid arrangement, for example, which would see (i) MOLVT increasing the quality and credibility of its inspection services over time, with quality milestones to be met; (ii) advisory and training services provided independently (possibly via a BFC successor organization and/or on contestable basis); and (iii) an ongoing independent monitoring/audit mechanism in place in association with the ILO for as long as necessary to retain international brand and buyer confidence.
- The clear need for further research and consideration of such options (including a thorough risk analysis for each of the options), while continuing to strengthen the ongoing effectiveness and impact of existing BFC core services and BFC’s broader policy influencing work (especially around the implementation phase of the garment sector strategy).

These and other considerations are reflected in the recommendations of this report. They might be described at this particular stage of the BFC journey as an approach of “crossing the river a stone at a time, with a view of the opposite bank which becomes clearer step-by-step”.

## 10. SUMMARY OF KEY LESSONS AND GOOD PRACTICES

*Refer to Section 8 and Annex 5 for elaboration of the following summary points:*

### 10.1: Key lessons

**The development of a complex relationship such as that between BFC and the MOLVT is a multi-layered and long-term process:** Several factors influence such a process in the Cambodian context. These include the attention to national sovereignty and ownership issues that increasingly underpin RGC relations with the international community generally; and the impact of generally low capacity “starting levels” across government ministries and departments in terms of resources, facilities, and skills.

**A strategic orientation to stakeholder engagement brings new opportunities and leverage for BFC:** BFC has increased its leverage to extend and sustain changes at policy and factory levels through the development of its relationship with the Cambodia Ministry of Economy and Finance (MEF), the expansion of brand/buyer relations and its reaching out to international manufacturers/investors, among other initiatives. Such developments demonstrate the importance of looking beyond established relationships to tap into new and emerging sources of influence, and contribute to widening the network for sustainable change at country level.

**Potential exists to expand use of BFC’s hard-won “convening power” to facilitate collective processes for change:** Several stakeholders referred to BFC’s “convening power” as an asset that has been hard won over 17 years of presence in Cambodia. The potential exists for this widely acknowledged asset to be further judiciously and strategically employed to facilitate systemic change, including through enhanced collaboration and synergies amongst the multiplicity of external actors now engaged in the sector.

**BFC’s rich factory / sector-based database holds significant potential as a driver for change:** As several stakeholders observed, BFC has access to a longstanding rich database covering most aspects of factory life as they concern both workers and managers in Cambodia. Strategically analyzed and applied, such data can inter alia (i) add significant authority to research, policy advocacy and public outreach in line with BFC’s core mandate; (ii) inform the targeting and design of initiatives to promote change at factory level; (iii) improve organizational performance and the quality of core services and (iv) provide feedback which can improve individual staff effectiveness in their roles.

**Understanding deeper inhibitors and enablers of change is crucial to strengthening BFC’s longer term impact and the sustainability of its impact, outcomes and capacities:** Several stakeholders highlighted the importance of what they perceived as BFC’s shift from compliance per se (as foundational as this is) to more systemic change, evidenced by BFC’s role in the development of the national garment sector strategy (see good practice below). BFC’s increased focus in staff professional development on “drivers of change, learning chain and systems approaches” reflects these understandings and represent a significant enhancement of BFC’s critical capacities to contribute to systemic and sustainable change in Cambodia’s garment sector.

## 10.2: Good practice examples

**Leveraging the power of public disclosure to promote compliance with international labour standards and the Cambodia Labour Law:** Assessments since the 2014 reintroduction of public disclosure of factory compliance via the BFC transparency database show increased levels of compliance with BFC's 21 critical issues. This is a significant result. The model of the transparency database is now being rolled-out in other Better Work countries.

**Leveraging BFC's acknowledged "convening power" to proactively promote and contribute to the development of national garment sector strategy in Cambodia.** BFC has played a much commended promotional, facilitation and technical support role from the beginning in the development of the strategy. The programme worked closely with the Ministry of Economy and Finance to both provide technical inputs and facilitate the engagement of Cambodia's private sector, trade unions and international brands/buyers.

**Using data analysis to underpin new strategic relations with international manufacturer/investor groups:** This development recognises and seeks to leverage the power and influence of such groups (beginning with Asia-based JDU/Roo Hsing and Chrystal) to influence the practices of factories within their orbit in Cambodia. Existing factory compliance data is being used to underpin the introduction of a cluster approach, which involves working with the enterprises linked to the two international groups to collectively foster mutual learning, support and progress.

**Use of data to drive service delivery improvement:** One of several BFC examples in this respect is the use of data from the evaluation of advisory and training activities for service delivery and individual performance improvement. BFC has pioneered the use of IT tools for the analysis of evaluations provided by participants in advisory and training services. Feedback is analyzed and fed back to participants and factory managers in the same day. Such data has also provided the basis of an annual report on results and fed into staff professional development and performance appraisal.



## 11. RECOMMENDATIONS WITH IMPLEMENTATION COMPONENTS

<b>Recommendation 1: Continue examination of institutional, legal, financial and operational arrangements to inform decision-making on long-term sustainability of BFC impact, outcomes and capacities.</b>		
<b>Implementation components</b>	<b>Lead implementing partner (s)</b>	<b>Resourcing implications</b>
<p><b>(1.1): Commission an independent assessment of potential long-term institutional, legal, financial and operational options to ensure the long-term sustainability of BFC impact, outcomes and capacities.</b></p> <p>Such assessment to include analysis of (i) stakeholder interests and perspectives (building on findings of this and other BFC evaluations and studies); and (ii) potential risks and mitigation measures.</p>	<p>BFC to commission consultancy support as required</p>	<p>Medium</p> <p>To be completed by end of 2018</p>
<p><b>(1.2) Draw on above assessment findings and ongoing stakeholder consultations to draft a BFC sustainability strategy.</b></p> <p>Such strategy would:</p> <ol style="list-style-type: none"> <li>provide a road map to guide deliberations, advice and planning of the Project Advisory Committee, BFC leadership and management, ILO/Better Work and IFC with respect to prioritising policy, institutional, partnership, programmatic, budgetary and operational directions.</li> <li>link with broader ILO/Better Work and DWCP priorities and directions, including those set out in the ILO/BW apparel and footwear coordination framework (2018) and the next iteration of the DWCP.</li> </ol>	<p>BFC to commission consultancy support as required to draft strategy</p>	<p>Medium, depending on requirement for consultancy services</p> <p>To be completed by end of next BFC strategic phase</p>
<b>Recommendation 2: Continue to prioritize the BFC relationship with MOLVT in the next strategic phase, building on the current Joint Plan of Action with a focus on (i) enhancing BFC/MOLVT strategic complementarity; (ii) strengthening strategic compliance planning and OSH capacities; and (iii) linking to the development and implementation of the next MOLVT 5-Year Plan.</b>		
<b>Implementation components</b>	<b>Lead implementing partner(s)</b>	<b>Resourcing implications and timing</b>
<p><b>(2.1) Jointly review, revise and finalize the Joint Action Plan for BFC/MOLVT collaboration.</b></p>	<p>Coordinated engagement by BFC and MOLVT, linking to</p>	<p>Low, within existing resources</p>

<p>In this context, jointly take measures to:</p> <ol style="list-style-type: none"> <li>a. extend the timeframe of the revised plan into the next BFC strategic phase.</li> <li>b. draw on the plan in the development of the <b>MOLVT's next 5-Year Plan</b>, ensuring alignment where appropriate between the two plans</li> <li>c. consider steps to enhance the strategic <b>complementarity between BFC factory assessments and MOLVT inspection services</b> through (i) strengthening the current joint priority focus on low compliance factories; (ii) recognizing BFC as the primary provider of assessment services within the rest of the licensed garment export sector; and (iii), increasing broader ILO / DWCP support to MOLVT's inspection services role in areas beyond the BFC mandate, including with respect to garment sub-contracting.<sup>30</sup></li> <li>d. in association with the planned introduction of the <b>ILO/Better Work Academy</b> programme in Cambodia, step-up initiatives to strengthen MOLVT's internal professional development capacity through the training of trainers (TOT), with a concerted focus on OSH as a starting point in line with DWCP priorities and recognising the relatively high levels of non-compliance and limited improvements in this area</li> <li>e. as a core component of BFC/MOLVT cooperation, increase the focus on strengthening <b>strategic compliance planning</b> capacities of the Cambodian labour inspection system (initiated by the introductory workshop in November 2017); in this context ensure the appropriate senior level of participation in the planned follow-up workshop in June 2018, and subsequent activities</li> <li>f. in the context of the ILO / BFC/ MOLVT collaboration on strategic compliance planning, identify key <b>institutional capacity priorities and gaps</b> that require further specific attention under the Joint Action Plan</li> </ol>	<p>ILO collaboration under the DWCP more broadly for implementation.</p> <p>Capacity development initiatives to be complementary to extent possible with:</p> <ol style="list-style-type: none"> <li>(i). current BMZ/GIZ project within MOLVT to embed the newly adopted Code of Conduct for labour inspectors; produce comprehensive guidelines for inspection services; and finalize /introduce an inspection system training curriculum</li> <li>(ii). wider public sector reform initiatives supported by the Asian Development Bank and others in areas such as performance-based management, planning and budgeting.</li> </ol>	<p>To be completed in 2018, with implementation extending through the next strategic phase</p>
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<sup>30</sup> This proposed approach is similar to the current collaboration in Vietnam between Better Work Vietnam and the Ministry of Labour, Invalids and Social Affairs.

<ul style="list-style-type: none"> <li>g. strengthen the engagement of the MOLVT labour inspection system with professional counterparts in other countries</li> <li>h. enhance the learning impact of <b>joint monitoring visits</b> to factories by ensuring structured opportunities after each joint visit for mutual debriefing and identification of lessons and areas for improvement</li> <li>i. ensure regularity, transparency and effectiveness of <b>meetings between BFC and MOLVT</b> at senior and operational levels for review of Joint Action Plan implementation, resolution of issues, identification of lessons, prioritization of cooperation and ongoing revision</li> <li>j. keep the <b>Project Advisory Committee</b> informed of progress, challenges and lessons in implementation of the Joint Action Plan.</li> </ul>		
<p><b>(2.2) Commission a detailed mapping study of respective BFC and MOLVT roles, responsibilities, comparative advantages, legal frameworks/authorities, financing and operations.</b></p> <p>To provide a further systemic input into (i) long-term BFC/MOLVT collaboration planning and (ii) multi-stakeholder dialogue on ensuring sustainability of BFC impacts, outcomes and capacities.</p>	<p>BFC to commission</p> <p>BFC and MOLVT to discuss findings and implications for ongoing revision and implementation of Joint Action Plan</p>	<p>Medium</p> <p>To be completed in 2018</p>
<p><b>Recommendation 3: Beyond BFC’s core relationships, pursue expanded and new partnerships as part of BFC sustainability and impact-enhancing efforts, with particular priority in this respect on new relationships with the Ministry of Economy and Finance (MEF), international manufacturing and investment groups, United Nations counterparts, and selected international NGOs.</b></p>		
<p><b>Implementation components</b></p>	<p><b>Lead implementing partner(s)</b></p>	<p><b>Resourcing implications</b></p>
<p><b>(3.1) Continue to draw on BFC’s “convening power” to facilitate increased practical collaboration and synergies between ‘external actors in the Cambodian garment sector, based on shared priorities and building on the experience of the garment sector strategy and worker transportation processes.</b></p> <p>Such ongoing role recognizes the widespread acknowledgment of BFC’s convening power</p>	<p>BFC, as part of its ongoing focus on systemic approaches to strengthening impact and sustainability.</p>	<p>Low, within existing resources</p>

<p>and the proliferation of ‘external’ initiatives in the sector. It contributes to the continued strengthening of:</p> <ol style="list-style-type: none"> <li>a. information sharing about respective objectives, activities, plans and lessons</li> <li>b. coordination, collaboration and synergies among active players in the sector, with a view to reducing duplication and enhancing collective impact.</li> </ol>		
<p><b>(3.2) Continue to (i) pursue relevant new partnerships and (ii) expand existing partnerships beyond ILO/BFC’s core constituents which contribute to the impact and sustainability of the BFC programme and its outcomes and capacities.</b></p> <p>Core priorities in this context are:</p> <p><u>Globally</u></p> <ul style="list-style-type: none"> <li>• The ongoing strengthening of engagement with <u>international manufacturing /investment groups</u> such as Hong Kong/China-based JDU/Roo Hsing and Chrystal. Such relations constitute a significant enlargement of BFC stakeholder relations and influence and provide a vital strategic source of leverage through which to pursue improvements at factory level.</li> </ul> <p><u>At government level:</u></p> <ul style="list-style-type: none"> <li>• The <u>Ministry of Economy and Finance (MEF)</u> as a core partnership in the next strategic phase, in the context of current and future engagement around the national garment sector strategy (noting that MEF is also the focal point ministry for ILO engagement on social protection).</li> <li>• The <u>Ministry of Women’s Affairs (MWA)</u> around their support to implementation of the MOLVT’s Gender Mainstreaming Action Plan (GMAP).</li> </ul> <p><u>International Finance Corporation (IFC)</u></p> <ul style="list-style-type: none"> <li>• Building on IFC strategic engagement in Better Work globally and previous IFC/BFC collaboration in Cambodia, with focus on support for implementation of the garment sector strategy and piloting the IFC’s new supervision training programme</li> </ul>	<p>BFC (linking closely with the Cambodia ILO National Project Coordination Office with respect to relations with MEF, in particular)</p>	<p>Low/medium, with potential for expansion of relationships and associated activities</p> <p>To continue in 2018 and be prioritized in the next strategic phase</p>

<p>for sewing machine operators.</p> <p><u>Within the UN Country Team (UNCT)</u></p> <ul style="list-style-type: none"> <li>• <u>UN Women</u> around shared interests in promoting women’s leadership within the PICCs at factory level, as well as within trade unions and enterprise management.</li> <li>• <u>UNDP</u> and potentially other agencies. around (i) implementation of the garment sector strategy and (ii) formulation of sections of the new Cambodia national gender equality strategy (Neary Rattanak V) which are relevant to the garment sector as the main source of formal employment for women.</li> </ul> <p><u>International NGOs (INGOs)</u></p> <ul style="list-style-type: none"> <li>• <u>CARE</u> around recognizing and addressing sexual harassment in the workplace and related training of BFC staff, drawing on CARE’s well tested methodology and track record in Cambodia.</li> <li>• The <u>Solidarity Centre</u> around (i) the sector strategy, with a focus on ensuring beneficial impact on worker’s lives and (ii) addressing the workers’ work transportation crisis.</li> </ul>		
<p><b>(3.3) Continue and deepen current prioritization of engagement with trade unions active in the garment sector.</b></p> <p>Focus in this respect on (i) the ongoing convening/servicing of union contact group meetings; (ii) using contact group meetings to widely engage BFC staff in interaction with trade union representatives for purposes of mutual learning ; (iii) leveraging the planned collaboration with UN Women on women’s leadership in PICCs to strengthen relations with unions; (iv) continuing to ensure that the role of unions is recognised and reinforced in PICC meetings; and (v) strengthening BFC/ACTRAV synergies around union capacity development under the DWCP, including with respect to promoting women in union leadership.</p>	<p>ACTRAV, Cambodia ILO Project Coordination Office and BFC, with support/advice of trade union representatives on the Project Management Committee</p>	<p>Low, within existing resources</p> <p>A priority in 2018. Prioritization and follow-up to extend into next strategic phase</p>
<p><b>(3.4) Continue and expand collaboration (including sharing of information and lessons) with the BMZ/GIZ project “Social and labour</b></p>	<p>BFC</p>	<p>Low, within existing resources</p>

<p><b>standards in the textile and garment sector in Asia.”</b></p> <p>Particular areas for attention include (i) the recent introduction by the project of a Code of Conduct for labour inspectors; (ii) collaboration on labour inspectorate training, for which the project has produced a draft curriculum; (iii) the development by the BMZ/GIZ project of new internal guidelines for labour inspection and (iv) tapping into learnings of GIZ’s team embedded within MOLVT.</p>		<p>Continue and expand within current and next strategic phase</p>
<p><b>(3.5) Explore, test and develop collaboration with the Cambodia Garment Training Institute (CGTI) established by GMAC.</b></p> <p>To include both (i) relevant BFC/ILO inputs into existing CGTI “soft skill” training programmes which align with BFC priorities and (ii) new BFC/ILO-led initiatives which take advantage of CGTI facilities (for example, linked to implementation of the garment sector strategy, as well as policy development and advocacy).</p>	<p>BFC/GMAC, within broader DWCP context</p>	<p>Low, within existing resources</p> <p>Initiate at least one pilot joint training activity by end of 2018. Expand in next strategic phase</p>
<p><b>(3.6) Continue and extend the regular Cambodia-based buyers’ forums (international and local) as a key vehicle within which BFC/brand/buyer relationships are enhanced and joint interests and priorities are clarified and promoted.</b></p> <p>In this context:</p> <ol style="list-style-type: none"> <li>a. continue to strengthen the value of the buyers’ forums as an opportunity to engage other stakeholders and foster relevant networking as well as mutual learning and support</li> <li>b. continue to seek/promote opportunities for BFC and Cambodian stakeholder engagement in international buyers forums in other countries which of relevance to the Cambodian garment sector (drawing on the 2017 experience of BFC/Cambodian engagement in the buyers’ forum in Hong Kong/China).</li> </ol>	<p>BFC</p>	<p>Low, within existing resources</p> <p>Ongoing within current and next strategic phase</p>

<b>Recommendation 4: Continue to prioritize systematic and sustained attention to gender mainstreaming in all aspects of BFC planning, implementation, M&amp;E and learning, with focus in current period on addressing sexual harassment, pregnancy rights, women in leadership and influencing gender policy agendas.</b>		
<b>Implementation components</b>	<b>Lead implementing partner(s)</b>	<b>Resourcing implications</b>
<p><b>(4.1) Within BFC’s overall commitment to gender mainstreaming under its Gender Strategy and action plan (s), place particular priority in the current strategic phase on addressing sexual harassment in the workplace, promoting women’s leadership and leveraging BFC gender data for policy influence and programme improvement.</b></p> <p>Such prioritization to include:</p> <ol style="list-style-type: none"> <li>the strengthening of sexual harassment assessment skills and approaches, training in the workplace and training of BFC staff (refer to Recommendation 3.2)</li> <li>initiation with UN Women of women’s leadership training/support within the PICCsc</li> <li>leveraging maximum profile and influence from recent BFC reports on the status of women and gender issues in the garment sector (e.g. the just published BFC report, “Towards Gender Equality: Lessons from Factory Compliance Assessments 2016-2017,” March 2018).</li> </ol> <p>The value of BFC’s recent publications in this respect will lie in their influence on national constituent’s policy making and initiatives to promote change in the workplace. Such influence will be enhanced by the degree to which partners and other international development actors use and promote BFC publications within their wider national governmental and non-governmental constituencies.</p>	<p>BFC, with CARE, UN Women and other relevant partners</p>	<p>Low, within existing resources</p> <p>Ongoing within current strategic phase. Extend into next strategic phase as part of BFC’s wider gender mainstreaming plans and activities</p>
<p><b>(4.2) For the purposes of enhanced synergies and greater impact, ensure mutually reinforcing linkages between (i) BFC gender research, publications, advocacy, training and other initiatives and (ii) wider ILO initiatives in the region.</b></p>	<p>BFC and ROAP/DWT Gender and Non-Discrimination Specialist</p>	<p>Low, within existing resources</p> <p>Ongoing within current strategic phase. Extend into next strategic phase as part of BFC’s</p>

<p>The latter <i>inter alia</i> include ILO initiatives on (i) women’s leadership, voice and representation; (ii) women and the future of work; (iii) enhancing knowledge of women workers on their maternity protection rights; (iv) promoting unpaid maternity leave; (v): addressing discriminatory workplace practices (e.g in the context of the soon to be finalized Prakas in Cambodia on UDC/FDC and likely provisions on protection of pregnant workers under FDC contracts); and (vi) research in areas such as that planned on the inhibitors and enablers of participation of women in PICCs.</p>		<p>wider gender mainstreaming plans and activities</p>
<p><b>(4.4) Prioritize assessment of implementation of BFC’s gender strategy and associated action plans in the next DWCP evaluation, if conducted.</b></p> <p>Such prioritization can be justified from an overall DWCP on the basis of the significance of the garment sector as a source of formal employment for women in Cambodia. It would provide a timely spotlight on progress, challenges and lessons with respect to BFC’s gender mainstreaming experience (as the largest programme under the DWCP) and would link to the evaluation of gender mainstreaming across the DWCP as a whole.</p>	<p>CO/ ROAP and independent evaluation team</p>	<p>Low, within existing resources</p> <p>DWCP evaluation Scheduled for 2018</p>
<p><b>Recommendation 5: Strengthen synergies, linkages and mutual reinforcement under the Cambodia DWCP between BFC and other aspects of ILO’s engagement in Cambodia, in line with Better Work Global developments in this respect.</b></p>		
<p><b>Implementation components</b></p>	<p><b>Lead implementing partner(s)</b></p>	<p><b>Resourcing implications</b></p>
<p><b>(5.1) Reflect the wider ILO engagements proposed in these recommendations in the formulation of the next DWCP.</b></p> <p>Linked to ensuring the sustainability of BFC impact, outcomes and capacities within the wider framework of ILO/BW’s engagement in Cambodia.</p> <p>In this context:</p> <p>a. link BFC/DWCP synergies and mutual reinforcement to the requirements of ILO/BW Apparel and Footwear Coordination Framework (2018)</p>	<p>ILO ROAP/CO</p>	<p>Low, within existing resources</p> <p>DWCP evaluation and design planned for 2018</p>



<p>b. monitor lessons from the introduction of a coordinated/integrated ILO/BW programme in Ethiopia for relevance and potential application in the Cambodian context, including in the formulation of the next Cambodia DWCP</p> <p>c. continue to strengthen BFC/DWCP linkages under the next DWCP, including at output, indicator and target level.</p> <p>Key areas of policy, technical and capacity development intersection in this context include (i) ACTRAV taking the lead to link its trade union capacity development work with BFC; (ii) ACTEMP likewise seeking opportunities to link its support for CAMFEBA (within which GMAC is a key actor) to BFC engagement with employers; (iii) continuing to link BFC and broader ILO engagement with MOLVT (including promotion of OSH more generally as a priority); (iv) continuing collaboration around the national minimum wage setting process, including in collaboration with the ILO Asia-Pacific Global Garment Sector Supply Chain Project (of which Cambodia is a focus country ); (v) ongoing coordination around gender equality and mainstreaming; (vi) links with ILO's wider social protection policy and delivery (which impacts on factory assessments and other BFC services); and (vii ) TVET (within and beyond the garment sector).</p>		
<p><b>(5.2) Prioritize cooperation between the ILO / DWCP and RGC on the necessary steps to ratify and implement the Labour Inspection Convention, C081, 1947.</b></p>	<p>ILO ROAP/DWT and CO, under the auspices of the DWCP</p>	<p>Low, within existing resources</p> <p>To be pursued further in 2018</p>
<p><b>(5.3) Ensure that BFC/BW/ILO garment sector priorities and interests are reflected in the formulation of the next UN/Cambodia Development Assistance Framework (UNDAF).</b></p> <p>In recognition of the importance of the sector to the future development of the Cambodian economy as a whole and realization of the SDGs in Cambodia.</p> <p>Such explicit integration under the UNDAF would (i) underpin stronger collaboration within the UNCT on implementation of the</p>	<p>CO /ILO Cambodia National Project Coordination Office</p>	<p>Low, within existing resources</p> <p>As part of UNDAF evaluation and formulation planned for 2018</p>

<p>garment sector strategy; and (ii) contribute to the long term sustainability of BFC impact, outcomes and capacities.</p>		
<p><b>(5.4) To both reinforce and reflect ILO synergies and collaboration within DWCP design and implementation at country level, strengthen ILO strategic visioning, coordination and planning at regional level.</b></p> <p>Critical to both DWCP and BFC success in Cambodia are the practical synergies and mutual reinforcement in areas such as ILS compliance, minimum wages, OSH, labour inspection, gender and strengthening of employer and trade union capacities for social dialogue.</p> <p>Clear vision and strategic direction at regional level helps to both drive and reinforce linkages and mutual support between core ILO programming areas at country level.</p>	<p>ROAP, in association with COs</p>	<p>Low, within existing resources</p>
<p><b>Recommendation 6: Continue to strengthen the strategic impact of BFC’s policy influencing, facilitative and convening roles, with focus on implementation of the garment sector strategy and resolving the worker transportation crisis.</b></p>		
<p><b>Implementation components</b></p>	<p><b>Lead implementing partner(s)</b></p>	<p><b>Resourcing implications</b></p>
<p><b>(6.1) Contribute to maximizing the contribution of the garment sector to Cambodia’s long term development by prioritizing ongoing advocacy, facilitative and technical support to the promotion and implementation of the garment sector strategy.</b></p> <p>Such ongoing engagement to directly link to:</p> <ol style="list-style-type: none"> <li>a. realization of and reporting on the SDGs Rectangular Strategy, NDSP, IDP, NEP and LDC graduation</li> <li>b. promotion of Cambodian women and men staff skills, experience and access into enterprise supervisory and middle management roles, <i>inter alia</i> leveraging existing BFC supervisory training and potential piloting of new IFC training programme for women “on the line.”</li> </ol>	<p>BFC, in close association with wider ILO/BW programmes under the DWCP</p>	<p>Medium, depending on activities initiated under next strategic phase</p> <p>A priority in 2018. Prioritization and follow-up to extend into next strategic phase</p>

<p><b>(6.2) Continue to employ best available technologies to strengthen the policy and operational impact of the comprehensive garment sector data to which BFC has access.</b></p> <p>Such data analysis and dissemination to inform (i) governmental, employer, union, UNCT and other relevant policy and programmatic processes; (ii) implementation and monitoring of the garment sector strategy; (iii) BW policy and programme development; and (iv) broader DWCP analysis, planning and implementation.</p>	<p>BFC</p>	<p>Low, within existing resources</p> <p>A priority in 2018. Prioritization and follow-up to extend into next strategic phase</p>
<p><b>(6.3) Continue to prioritize the resolution of the worker transportation crisis by continuing to act as an advocate, facilitator and coordinator in mobilizing stakeholder efforts and resources.</b></p> <p>To include (i) ensuring that the 2018 pilot project with AIP is quickly extended into wider action; and (ii) working with the RGC on wider public infrastructure and safety policy and programme development in relevant areas.</p>	<p>BFC, as facilitator and advocate with all relevant stakeholders</p>	<p>Low, within existing resources</p> <p>A priority in 2018. Prioritization and follow-up to extend into next strategic phase</p>
<p><b>(6.4) In the context of BFC international and local buyers' forums, and other relevant fora, create opportunities for actors within the garment sector to share their approaches and experience on addressing <u>environmental issues</u>, with a view to generating greater interest and mutual learning in this respect within the sector.</b></p> <p>Such opportunities would potentially:</p> <ol style="list-style-type: none"> <li>include inputs on environmental standards and tools employed by international brands (e.g the use of the Higg Index by GAP as part of its internal environment assessment of supplier practices)</li> <li>assist BFC in formulating a realistic approach to implementing the ILO cross-cutting policy driver on environmental sustainability in its next strategy and project document</li> <li>inform implementation of the garment sector strategy</li> <li>feed into wider Better Work thinking in this area, highlighted as a priority for attention in the current phase IV strategy</li> <li>link to RGC consideration of ways forward</li> </ol>	<p>BFC, in context of setting agendas for buyer and other relevant fora</p>	<p>Low, within existing resources</p> <p>To be tested in one local buyer forum in 2018. Depending on potential demonstrated, explicitly prioritize in next BFC strategy and project document</p>

<p>in addressing EU GSP + requirements for ratification of international environmental agreements in the context of LDC graduation.</p>		
<p><b>Recommendation 7: Continue focus on strengthening BFC governance, leadership, management, staff and institutional capacities, with underlying focus on ‘drivers of change’ and systems approaches.</b></p>		
<p><b>Implementation components</b></p>	<p><b>Lead implementing partner(s)</b></p>	<p><b>Resourcing implications</b></p>
<p><b>(7.1) Continue to work with Project Advisory Committee to strengthen its effectiveness and efficiency.</b></p> <p>To include consideration by the PAC of (i) a more regular meeting schedule to deepen stakeholder collaboration and BFC oversight and (ii) introduction as necessary of short term working groups to produce recommendations for PAC consideration in strategic areas pertinent to BFC governance, relevance, effectiveness, efficiency, impact.</p>	<p>BFC / PAC</p>	<p>Low, within existing resources</p> <p>Throughout current and next strategic phases</p>
<p><b>(7.2) Continue to prioritize professional development for BFC staff at all levels, including strengthening of internal leadership, management and technical capacities.</b></p> <p>In this context, continue to (i) prioritize promotion of Cambodian nationals into senior leadership and management roles a part of BFC’s long-term sustainability agenda and (ii) while continuing to strengthen core technical and soft skills, maintain and extend the focus on understanding/applying “drivers of change,” “learning chain,” and systems approaches as core components of staff capacity and BFC organizational culture.</p>	<p>BFC</p>	<p>Low, within existing budget commitments</p> <p>Throughout current and next strategic phases. Explicitly prioritize in next BFC strategy and project document</p>
<p><b>(7.3) Continue to strengthen the use of BFC field data as a driver of continuous organizational, staff capacity and programme delivery improvement.</b></p> <p>A key element in this regard is the use of best available technologies to <i>inter alia</i> enable:</p>	<p>BFC, drawing on BW innovations and developments</p>	<p>Low, within existing resources</p> <p>Throughout current and next strategic phases. Explicitly prioritize in next BFC strategy and project document</p>

<ul style="list-style-type: none"> <li>a. facilitation of cluster approaches which focus BFC advisory and training services around a group of factories with shared characteristics (e.g. linked to the same international manufacturing group/investor or demonstrating shared key compliance issues), enabling greater efficiency of service delivery and the development of mutual support and learning among participating factories</li> <li>b. client satisfaction evaluations of trainings, advisory services and other BFC core activities, followed by quick turn-around of feedback to factory managers, participants and other stakeholders</li> <li>c. identify and analyse factory assessment trends and systemic issues</li> <li>d. monitor BFC assessment consistency and issues to be addressed in this regard</li> </ul>		
<p><b>Recommendation 8: Establish an appropriately constituted mechanism to consider and resolve differences in interpretation amongst stakeholders on legislative and legal matters.</b></p>		
<p><b>Implementation components</b></p>	<p><b>Lead implementing partner(s)</b></p>	<p><b>Resourcing implications</b></p>
<p><b>(8.1): Agree on establishment of a multi-stakeholder national mechanism, its Terms of Reference, composition and modus operandi.</b></p> <p>The proposed establishment of such a mechanism reflects a recommendation on these lines raised in the BFC PAC meeting of 18 May, 2018. It recognizes and responds to feedback received during the evaluation on challenges posed by differences in interpretation concerning certain key points in the Labour Law, in particular.</p>	<p>MOLVT, in consultation with MOC, BFC, GMAC, trade unions and other relevant stakeholders</p>	<p>Low, within existing resources</p>

# ANNEXES

**Annex 1:** Overview – social dialogue and tripartite cooperation

**Annex 2:** Overview of mid-term progress against outcomes and outputs

**Annex 3:** BFC alignment with DWCP 2016-2018

**Annex 4:** Findings of previous BFC and Better Work evaluations

**Annex 5:** Key elements of BFC's transparency / public disclosure approach

**Annex 6:** Good practices highlighted by the evaluation

**Annex 7:** List of references for mid-term evaluation

**Annex 8:** List of interviewees/consultations for mid-term evaluation

**Annex 9:** Analytical framework for mid-term evaluation

**Annex 10:** Evaluation workplan

**Annex 11:** Terms of Reference for mid-term evaluation

## OVERVIEW: SOCIAL DIALOGUE AND TRIPARTITE COOPERATION

The overall state of industrial relations in Cambodia's garment sector remains highly conflictual. BFC reports that there is limited trust at the sectoral or factory level between employers and trade unions. Unfair labour practices by both employers and trade unions are commonplace in the industry. Some employers seek to exert control over trade union organizations in their workplace, while in other circumstances they use surveillance, Fixed Duration Contracts (FDUs) and other practices to divide and limit the influence of trade unions. At the same time, trade unions have employed unhelpful IR practices, including extortion, intimidation, falsified membership records and triggering strikes at factories in which they have no members.

**Ratification of international labour standards:** Cambodia has ratified 13 international labour standards, including all eight fundamental Conventions and one governance Convention (the Employment Policy Convention, 1964, No. 122). Cambodia has not ratified the Labour Inspection Convention (1947, No. 81), which sets out international standards and best practices on labour inspection.

**National tripartite architecture:** The peak tripartite body in Cambodia is the Labour Advisory Committee (LAC). The committee considers labour and employment related issues, formulates recommendation for the minimum wage and gives advice on the scope of collective bargaining agreements. The DWCP document notes that ILO technical support and capacity building has helped the minimum wage setting process to become better understood, more strongly evidence-based and more orderly than in the past. The DWCP highlights the potential to build on the LAC's positive experience by expanding, within its existing mandate, the range of issues with which it deals. Other key tripartite organs include the Arbitration Council (see below), the Governing Body of the National Social Security Fund and the 8th Working Group on Labour and Industrial Relations.

**Labour market institutions still developing:** Strong economic growth has been accompanied by vibrant, but fragile, development of labour market institutions. Key issues in this context include the weak protection of rights to freedom of association (FoA) and collective bargaining, particularly within the garment sector. Individual and collective labour disputes are regulated by the Labour Law. The point of recourse for an individual dispute is the labour inspectorate. Collective disputes can be considered by a Conciliator, but if that fails the dispute is arbitrated either by procedures set out in the collective agreement or by the Arbitration Council.

The ILO played an instrumental role in the establishment of the **Arbitration Council** (and the supporting Arbitration Council Foundation), which in was formalized in 2003 as an independent but state sanctioned part of Cambodia's industrial disputes resolution architecture. The council is widely respected for its effectiveness, transparency and credibility. According to International Trade Union Confederation (ITUC), the Council has effectively taken the place of labour courts, which have not been established despite them being provided in the Labour Law of 1997. Drawing on a tripartite pool of 30 arbitrators, the council is responsible for handling cases through its tripartite dispute resolution system, with a timeframe of 15 days to hear a case and make an award.

A key factor in the development of the Council was the signing of the first garment sector MOU between employers and workers' organisations, a central element of which was an agreement to binding arbitration (by employers) on rights disputes (in exchange for agreement to abide by lawful strike procedures by unions). The council and BFC maintain an active collaborative relationship. This includes the use of council findings in BFC assessments and provision by the council of training and technical assistance to BFC around FoA issues. The wider "strategic alliance" with the ILO remains

important for the ongoing operation of the council, not least due to the credibility and influence of the 'ILO brand' as well as the tripartite approach which is the cornerstone of the ILO. Established with ILO support, the Arbitration Council Foundation supports the functioning of the Council and facilitates resource mobilisation, training and outreach.

After the introduction of the **Cambodia's Trade Union Law (TUL)** in May 2016, the number of cases handled by the council dropped significantly from 360 per year to about 50 per year. The council is currently researching the reasons for this. Feedback from trade union stakeholders during the evaluation generally attributed the decline in cases to the impact of the 50 plus 1 percent provision for most representative status (MRS) under the law. This view is not generally shared by employers, who have largely welcomed the law as providing a framework for regulating the proliferation of unions in the garment sector. Union feedback also highlighted what they experience as onerous financial disclosure and registration requirements under the law as key issues to be addressed, as they further affect unions' ability to represent their membership. The Minister of Labour has in the meantime agreed to address the union representation issue via a draft Prakas for tripartite review on allowing minority unions to represent their members in collective labour disputes .

**Employers' organizations:** Both employers' and workers' organizations have grown from a virtually zero base in the early 1990s to increasingly more representative organizations with a progressively greater capacity to advance and protect the interests of their members. Membership of the Cambodian Federation of Employers and Business Associations (CAMFEBA) is steadily increasing and its capacity to analyse and to play a constructive and influential role in advocating policy positions on the basis of research and facts has been strengthened.

As the representative of garment and footwear manufacturers in Cambodia, the Garment Manufacturers Association in Cambodia (GMAC) works closely with the RGC, BFC and other counterparts to provide more confidence for investors by improving industrial relations and the business environment. Training is one of main services of GMAC, which operates the national Cambodia Garment Training Institute (CGTI), with an important focus on training for productivity growth. Some stakeholders interviewed for this evaluation, including GMAC, saw potential in collaboration between the CGTI and BFC, especially around training related to soft skills development, policy development and advocacy, and implementation of the national garment sector strategy. This is reflected in the recommendations.

**Workers' organizations** have proliferated in Cambodia, but they demonstrate mixed capacities and degree of independence and representativeness. Despite a high level of union density in the industry, upwards of 70 percent, the trade union movement remains fragmented, divided by political affiliations, personality, and tactical differences. At the same time, there has been a growing number of independent unions emerging in the sector. The fragmentation of unions overall is a significant obstacle in trade union efforts work collaboratively on wage and policy matters, and also creates confusion and conflicts at factory level. Workers in the industry remain poorly educated as a result of the lack of sufficient investment for decades in high quality, public education.

During its current strategic phase, BFC has introduced a new approach to more effectively engage with trade unions as part of its wider efforts to monitor and promote improved industrial relations practices. This has included the development of an IR strategy; intensive IR training of assessment, advisory and training staff; regular interaction with the trade union representatives on the Project Advisory Committee (who are in turn members of the Labour Advisory Committee); and steps to improve engagement with trade unions via the creation of the informal trade union contact group. The latter involves IndustriALL affiliates and other unions that have an important presence and role in the sector.



In this context, the DWCP 2016-2018 identifies the following priorities in this context: building trade union capacity; tackling anti-union discrimination; reducing proliferation, divisions, and in-fighting among garment sector unions; providing more capacity-building support for CAMFEBA and GMAC; strengthening government labour inspection and dispute prevention and settlement capacities; and setting the Arbitration Council on a solid footing.

**Collective bargaining:** The number of collective bargaining agreements (CBA) remains limited; moreover, most agreements recorded as CBA are limited to resolving issues within a specific dispute. Comprehensive collective agreements are still rare. Collective bargaining is practised by some larger hotels, garment factories, and service enterprises, but remains rare in other sectors.

## OVERVIEW: MID-TERM PROGRESS - OUTCOMES AND OUTPUTS

The following categories are used to assess progress against outcomes and outputs as set out in the Project Document for the current BFC strategic phase.

Completed as of March 2018	(25 % of outputs)
Likely to be fully completed by end of 2018	(80 % of outcomes; 90 % of outputs)
Likely to be partially completed by end of 2018	(20 % of outcomes; 10 % of outputs)
Unlikely to be commenced by end of 2018	(0 % of outcomes; 0 % of outputs)

Outcomes and outputs	Indicators	Assessment of progress
<b>Development objective: Contribute to improving lives of workers, their families, communities and competitiveness in the Cambodian garment and footwear factories</b>	Total of numbers impacted by the programme Increase in % of workers: <ul style="list-style-type: none"> <li>reporting improved life satisfaction</li> <li>better health outcomes</li> <li>remittances spent on education, health</li> </ul> Increase in % of factories with improved business outcomes	Findings of BFC impact assessment by Tufts University will provide evidence in this case.
<b>Outcome 1: At the end of the project phase, Cambodian exporting factories in the garment and footwear sector will have strengthened their capacity to improve and uphold compliance with the labour law.</b>	% of factories that have improved compliance over the last visit Reduction in total number of violation per factory of critical issues proportion % of low compliance factories Reduced % of factories with one or more critical issues	BFC impact assessment likely to be completed by end of 2018
<b>Output 1.1. Regular public, industry and factory level compliance reports are produced, published and used to improve compliance with the labour law in Cambodian garment and footwear producing factories</b>	# of factories in the programme # of assessment reports produced # of transparency reports produced # synthesis reports produced Reduction in time spent on assessment	Likely to be completed by end of 2018
<b>Output 1.2 Factories have improved mechanisms of social dialogue to improve and uphold compliance with the labour law in a sustainable way.</b>	# of factories that have signed up for advisory services # of factories with functioning PICCs (compared for gender differences) # of factories that demonstrate overall improvement on the differentiation criteria or in overall compliance.	Likely to be completed by end of 2018  Evidence provided of BFC management applying systems/drivers of change approaches to delivery of core services and staff training

Outcomes and outputs	Indicators	Assessment of progress
<b>Output 1.3 Factories and workers have increased capacity and knowledge to improve and uphold compliance with the labour law</b>	Training strategy available # of training sessions delivered # of factories participating in training sessions # of industry seminars # of factories participating in industry seminars # of participants in training sessions (male/female) Satisfaction rate with the BFC training (compared for gender differences)	Likely to be completed by end of 2018
<b>Output 1.4 BFC strategy on industrial relations is developed and implemented tailoring BFC's core services to the Cambodian specific industrial relations challenges</b>	Guidelines on FoA investigation developed BFC guide on addressing FoA issues through advisory factories developed Modular training plan developed # of IR and workplace cooperation related training sessions for factories delivered # workers' representatives trained on IR and workplace cooperation (male/female) # management representatives trained on IR and workplace cooperation (male/female) # of factories improving their IR based on the differentiation criteria	Completed in 2017, with support from the Arbitration Council, including for the development for guidelines. Associated training for BFC staff provided by the Arbitration Council  Implementation of Activity 1.4.4 (support the implementation of the Trade Union Law) has proved to be problematic due to due to challenges arising from Most Representative Status (MRS) requirements and their impact of the ability of unions to represent their members in collective bargaining
<b>Output 1.5 BFC gender mainstreaming approach developed and implemented to support the gender specific issues that exist in the garment sector</b>	Gender mainstreaming strategy developed and approved # of publications on gender specific issues # of trainings on equal opportunities and respect for factories Training tool on assessing sexual harassment for BFC staff developed Revised training tool on equal opportunities and respect for factories developed Gender-disaggregated data collected and reported on	Likely to be completed by end of 2018  Delivery of activity 1.5.1 (implementing BFC gender strategy) is the ongoing focus under this output
<b>Outcome 2: At the end of the project phase, BFC will have strengthened its engagement with the Cambodian government to</b>	# of critical issues/zero tolerance addressed by the government # of initiatives with support from BFC to improve workplace compliance taken by	Assessment of this outcome is dependent on MOLVT reporting. While steps have been taken to

Outcomes and outputs	Indicators	Assessment of progress
<b>improve their capacity to identify, non-compliance issues, strengthen enforcement, and uphold labour standards.</b>	the government # practices of the MoLVT changed targeted at improved inspection	strengthen BFC/MOLVT engagement, and further progress will be made before the end of 2018, it is likely that the envisaged changes in MOLVT capacity and inspection practices will remain work in progress
<b>Output 2.1 A joint strategy and action plan to increase the capacity and role of the MoLVT to contribute to, supplement and where possible take-over (some of) BFC's tasks has been designed and implemented</b>	Joint action plan developed and approved Reports on progress on strategy developed # of products, policies or practices changed with support of BFC/ILO	Likely to be partially completed by end of 2018, with joint action plan having been finalized only in early 2018.  Changes of MOLVT products, policies or practices with support of BFC/ILO will remain work in progress
<b>Output 2.2. A protocol to address critical compliance issues is agreed with the Government and implemented</b>	Zero Tolerance protocol, with MoLVT's role outlined, developed and put in place	Formulation completed, but official approval by MOLVT not provided. Has been applied in practice, with two cases in 2017 and two cases to date in 2018
<b>Output 2.3. A MoU on the mandate of the BFC and collaboration with the government is signed for at least another 3 years</b>	MoU (or other type of agreement) that specifies how MoLVT's role on compliance complements BFC's	Completed (active until December 2019)
<b>Outcome 3: At the end of the project phase, BFC will have strengthened its engagement and partnerships with key stakeholders for increased influence and impact on working conditions in factories and the systemic issues in the sector as a whole</b>	# of initiatives that have led to improvements in the industry	Likely to be completed by end of 2018
<b>Output 3.1 A trade union contact group is set up with key trade union leaders to ensure increased engagement of the Trade Union movement in support of shared areas of concern and objectives</b>	# of joint activities between BFC and TU's Agreed ToR for TU contact group	Completed
<b>Output 3.2: Collaboration initiatives with employers on priority compliance issues are carried out</b>	# of joint activities between BFC and employers	Likely to be completed by end of 2018

Outcomes and outputs	Indicators	Assessment of progress
<b>Output 3.3 : Stronger engagement with buyer partners to address factory and/or industry level challenges</b>	# Buyers forums organised # of reports purchased by buyers # joint initiatives that address factory or industry specific challenges	Likely to be completed by end of 2018
<b>Output 3.4 Strategic input and support provided to industry partners for the formulation of a strategic vision for the future of the garment industry that is built on competitive strength and respect for labour standards</b>	Research on sector competitiveness organised	Completed (sector strategy likely to be released in 2018)
<b>Outcome 4: At the end of the project phase, BFC will have used its experience and data to inform and influence practices and policies related to responsible business practices in the industry</b>	BFC reports influencing policy on a scale of 1 to 5 with 5 policy being implemented	Likely to be completed by end of 2018
<b>Output 4.1: Results of BFC's impact evaluation are published and shared</b>	# of surveys conducted (male/female) # of studies and publications (compared for gender differences)	Likely to be completed by end of 2018 (baseline for impact assessment study completed/published; full impact assessment expected to be completed by end of 2018)
<b>Output 4.2 A communication strategy focusing on industry best practices and impact results around working conditions is formulated and implemented</b>	# of communication products developed	Likely to be partially completed by end of 2018. Communications strategy completed in 2017, which has provided the basis for ongoing planning and implementation in this regard
<b>Output 4.3: Awareness raising and outreach activities on emerging issues in the industry have been carried out</b>	# products developed tailored to workers # activities/initiatives carried out related to workers' welfare or other relevant/emerging topics	Likely to be completed by end of 2018
<b>Output 4.4 M&amp;E data is regularly collected and used to strengthen programme interventions.</b>	M&E data reported and published per year (compared for gender differences)	Likely to be completed by end of 2018
<b>Outcome 5: At the end of the project phase, BFC will have strengthened its governance and management for increased sustainability</b>	% cost recovery	Likely to be completed by end of 2018
<b>Output 5.1 The role of the PAC is strengthened for more effective</b>	# PAC meetings organised per year Renewed PAC ToR approved	Likely to be partially completed by end of 2018

Outcomes and outputs	Indicators	Assessment of progress
<b>governance of the programme, including discussing and or addressing sector wide issues</b>		PAC decided not to pursue measures to strengthen the its authority (e.g. by establishing an inter-ministerial committee)
<b>Output 5.2 A programme wide training plan focusing on continuous learning and strengthened national leadership is developed and implemented</b>	Training plan developed # of trainings organised for staff # staff joining in LDP or continuing LDP alumni activities (male/female)	Completed and actively applied via an annual training plan and calendar. Staff actively engaged in setting priorities and review via annual planning process
<b>Output 5.3 A new pricing scheme for factory level work is positively impacting financial sustainability</b>	Total programme revenue	Completed
<b>Output 5.4 A strategic outlook for further long term institutional sustainability is developed</b>	New vision document created	Likely to be partially completed by end of 2018  Stakeholder consultations on BFC future options have been ongoing for several years, including in the context of this evaluation. This report recommends that (i) a formal assessment be produced in the current year on the institutional/ legal sustainability possibilities for BFC core services and (ii) a detailed mapping of respective BFC and LOLVT roles, responsibilities and capacities be carried out. The findings of such work will contribute to the design on the BFC's next strategic phase. It is unlikely to be feasible to create the proposed vision document in the current year.

## BFC ALIGNMENT WITH DWCP 2016-2018

The following table highlights the key points of alignment between the DWCP 2016-2018 and the BFC Project Document for the current phase:

<b>DWCP priority 1: Improving Industrial Relations and Rights at Work</b>		
<b>Relevant outcomes</b>	<b>Relevant indicators</b>	<b>Relevant targets</b>
<b>Outcome 1.1:</b> Professional and technical capacities of social partners strengthened	Number of trade unions with MRS status and number of new comprehensive CBAs signed.	By 2018, 90 unions at the enterprise level have MRS status or the formulation of a collective bargaining agency with multiple unions, and 25 new comprehensive CBAs have been signed.
	Participation rate among women boosted at all levels of employers' and workers' organization activity.	By 2018, achieve parity – between 45 and 55 per cent participation of either sex – between participants at capacity building and dialogue events.
<b>Outcome 1.2:</b> Improved laws, mechanisms and processes, particularly in the garment sector, for industrial relations, dispute prevention and resolution, and wage setting	Garment factory and union adherence to the MoU.	By 2018, GMAC and union con/federations have re-signed the MoU at the national/sectoral levels and/or management and unions in 30 individual garment factories sign the MoU with a compliance rate (per cent of strikes that occur after arbitration among signatory unions) and per cent of rights disputes implemented by both parties (among signatories) of at least 80 per cent among participating parties.
	Increased number of garment factories engaging in collective bargaining, dispute prevention, and social dialogue for improved workplace compliance.	By 2018, at least 100 factories have committed to binding arbitration agreements and have implemented effective grievance systems, and an additional 70 factories have effective bipartite committees responsible for addressing issues in the workplace.
	Conciliators and other relevant government officials at central and provincial levels improve dispute prevention and resolution and ensure access to justice for migrant workers.	By 2018, 70 per cent of collective labour dispute points have been successfully conciliated, and at least six Provincial Departments of Labour and Vocational Training (PDoLVTs) are receiving and resolving complaints from migrant workers within three months.
<b>Outcome 1.3:</b> More effective application of equality and rights at work for discriminated-	Increased factory-level compliance on core labour standards on discrimination and child	By 2018, rate of non-compliance with core labour standards on discrimination and child labour reduced by 50 per cent.

against and vulnerable groups	labour.	
<b>DWCP Priority 2: Promoting an Enabling Environment for Decent Employment Growth and Sustainable Enterprises, with a particular focus on young people</b>		
<b>Outcome 2.1:</b> Mechanisms for policy leadership, coordination, and implementation strengthened to support development and implementation of policies and programmes	Tripartite constituents are able to contribute effectively to implementation of socio-economic policies such as the IDP, NSPS, LMP, and social security review.	By 2018, MoLVT, CAMFEBA, and trade unions have developed and presented policy positions and implementation proposals for the coordination mechanisms of at least two socio-economic policies.
	Demonstrated commitment of tripartite partners and other key stakeholders to the future of the garment sector in Cambodia.	Strategy for the future of the Cambodian garment sector adopted with inputs from national and international stakeholders.
<b>Outcome 2.3:</b> Effective progress made to enhance enterprise productivity, competitiveness, working conditions, and promotion of entrepreneurship	Improved compliance on critical working conditions in the garment industry.	Sixty-five per cent of the factories in BFC's transparency database are compliant on all critical issues.
<p>The strategy for implementation of this outcome includes the following key elements:</p> <ul style="list-style-type: none"> <li>• Support Cambodian constituents in improving competitiveness, productivity, and working conditions in different sectors and workplaces.</li> <li>• Building on that work, and on the results of the BFC programme, continue to support the constituents with a focus on key sectors in terms of job creation and income, including the garment, tourism, and agriculture sectors.</li> <li>• Place special emphasis on the garment sector, the largest formal employer in the country, particularly for women, and the greatest contributor to Cambodian exports.</li> <li>• Renegotiate the MoU for the implementation of BFC with a strong emphasis on improving the sustainability of that programme's operations and results.</li> <li>• Focus on working in partnership with factories to increase their own capacity to improve workplace conditions.</li> <li>• Focus on increased engagement with the national partners, especially the Government, to create more national-level capacity to ensure compliance with the labour law. This will help to increase BFC impact and sustainability within and beyond the factory-level work, eventually helping to uphold labour standards throughout the industry and beyond.</li> <li>• Leverage BFC relationships with brands and other key stakeholders, where the opportunities exist, to help national constituents and factories to become more competitive while adopting a longer-term vision for the industry.</li> <li>• Use an independent impact study of the relationship between workplace compliance, worker well-being, and business performance to inform government, sectoral, and factory-level development plans.</li> </ul>		
<b>DWCP Priority 3: Improving and Expanding Social Protection and OSH</b>		
<b>Outcome 3.3:</b> Improved and expanded OSH, with a	Number of labour/OSH inspections and	Twenty per cent increase in both labour and OSH inspections compared to 2014, and at least 20 fines or lawsuits in 2018.



particular focus on hazardous work	sanctions.	
	Strengthened capacity for cooperation on OSH at the national level.	National Tripartite Occupational Safety and Health Council meets regularly with agenda, minutes and agreed action.
	Strengthened capacity for cooperation on OSH at the enterprise level.	Twenty per cent of the garment factories that have set up OSH committees are implementing actions to improve OSH.
	Improved access to OSH information	The tripartite constituents develop and manage information platforms in Khmer and, as applicable, in other languages.

## FINDINGS OF PREVIOUS EVALUATIONS

### 1. Key findings and recommendations of the final evaluation of BWG Phase III

The above report in turn references and draws on findings of the key findings of the mid-term evaluation of BWG Phase III (refer Annex 7). The following key points highlight matters of direct relevance to BFC and are presented in a highly summarized and consolidated form.

Summary of key findings	
<b>Relevance and strategic fit</b>	All stakeholders consulted confirm support BW's strategic re-orientation in expanding its focus to the national, sectoral and global level. The attractiveness of the programme for international brands relates to its credibility (involvement of ILO and the WBG), its attention for compliance monitoring in combination with social and economic upgrading efforts, and its engagement with stakeholders across the value chain. Within ILO, BW has the status of a Flagship programme, it has become the reference programme for ILO's work on global supply chains, and is widely recognized for its innovative engagement with the private sector and the WBG. The relevance of its model at factory level has been tested extensively in different contexts (Tufts university impact assessment).
<b>Effectiveness of management arrangements</b>	BW is a self-critical, evidence-based and responsive programme, as witnessed through the systematic research and evaluation uptake and its focus on learning-oriented events with multiple stakeholders. In view of BW's expanding agenda, more expertise might be required to deal with political-economy issues. The BWG support for the country programmes, including the internal capacity building programme is highly regarded. The organizational culture is not too hierarchical, centralized or bureaucratic. There are relatively few tensions between field staff and HQ for a programme of this size and complexity. The overall governance of BW is satisfactory, including the functioning of the advisory structures and management. After the 2015 evaluation, additional efforts have been made to optimize synergies within the ILO – IFC partnership. Progress has been made behind the scenes in terms of structures and capacity, but the outcomes are emerging rather slow, especially at the country level
<b>Project progress and effectiveness</b>	<p><u>Scale, quality and effectiveness in the service delivery:</u> BW achieved its June 2017 target of reaching million garment sector workers, while the number of participating factories increased with 900 between 2012 and 2017 (90% of 2017 target). Monitoring data shows overall improvement of aggregated non-compliance rates for the factories across the BW countries. Extensive capacity building efforts of the country teams has been highly appreciated. Expectations regarding the inclusion of an environmental component in the compliance monitoring have not yet been met. A solution is possibly emerging through a partnership with IFC (Phase IV).</p> <p><u>Influencing policy at the national and sectoral levels:</u> This emerging area of work was new to most country teams, but entry points were finally identified and BW managed to contribute to policy reforms in most countries, although strategies were generally not codified or integrated into DWCPs, limiting the possibility for cross-country learning and building ILO synergies. Collaboration with other ILO units remains a challenge in 'old' BW countries. The impact assessment study has been instrumental in supporting policy work at country level and within ILO. The use of the research outside those forums has been limited. Aside from the IFC partnership, BW is careful in partnering with external multi-stakeholder initiatives or institutions to avoid reputational damage or loss of credibility.</p> <p><u>Engagement with buyers:</u> The interaction with brands has become more structured through the development of partnerships agreements. The target for the number of buyers improving partnership commitments was surpassed. However, BW is still searching for ways to give sufficient weight to the partnership reviews, including improving the engagement of the purchasing departments. The work on sourcing practices is not yet developed inside the</p>

	partnership agreement.
<b>Efficiency of resource use</b>	Efficiency is assessed positively, both at BWG and at country level although the picture is incomplete due to gaps in the available data. The new service delivery model is assessed by BW staff as more effective than the earlier model, but not necessarily more efficient. At an operational level, problems continue to emerge with the IT backbone of the compliance monitoring system (STAR).
<b>Impact</b>	The impact assessment research has provided strong and robust evidence that at ground level the programme's theory of change works and its immediate effects are able to trigger further changes in peoples' lives and factories' productive practices. A summary of key findings are described in the report.
<b>Sustainability</b>	BW's fundraising status is generally strong, but with shifting donor engagements, maintaining the cash flow has been difficult at times during Phase III. One response has been the development of a pooled funding mechanism, donor interest is not clear yet. There are encouraging figures of cost recovery in Asian country programmes: Cambodia 95% <sup>31</sup> , Indonesia 71%, Vietnam 61%. The most advanced case of institutionalization is happening in Indonesia (through a foundation), and Jordan (through advanced cooperation with the inspectorate. In other countries there is no breakthrough yet.

<b>Summary of recommendations (consolidated)</b>	
Complete the improvement of the BW log frame proposed in the mid-term evaluation and more actively make use of compliance monitoring datasets to serve the information needs of different stakeholders. The need to make STAR more user-friendly is highlighted, along with a suggested annual global state of the garment industry sector report highlighted.	
Continue to strengthen the collaboration with other ILO departments and programmes, especially in the 'older' BW countries and at the regional level. Collaboration strategies need to be explored which are light in terms of governance, respect BW's partnership with IFC, and re-enforce BW's alignment with DWCPs.	
Safeguard the coherence of the overall set of scaling-up and institutionalization strategies: BW's approach of designing context-sensitive strategies which are systematically tested before being rolled-out more widely, is regarded as an excellent approach, but the need is stressed to regularly review the overall coherence of different strategies to avoid potential conflicts and missing windows of opportunity.	
Continue to explore and monitor alternative options for strengthening the enabling environment, including by (i) complementing efforts to strengthen inspectorates and support policy reforms by also developing substantial capacity amongst the social partners; (ii) additional BW support to country teams by developing country road maps; and (iii) making sure that ILO acts in a concerted way on the ground.	
Strengthen the governance of monitoring of brands performance on sourcing practices, including by exploring different governance options for the monitoring of brands performance on sourcing practices.	
Deepen BW's renewed communication efforts, further supported by a research agenda and reaching out to a wider group of audiences, including national policy makers, experts and practitioners on social upgrading, academic networks, and the broader public. Gender and political-economy highlighted as potential priority areas.	
Continue to strengthen and optimize the ILO-IFC partnership, including by enhancing the participation of the BW-ILO country teams in the follow up and management of IFC pilot projects. Further enhancing the visibility and significance of these projects across the whole spectrum of stakeholders also highlighted. Pay greater attention in partner dialogue to the feasibility of an environmental component within BW.	

<sup>31</sup> This figure uses a different basis of calculation, compared with that used in Cambodia by BFC.

## 2. Key findings of the final evaluation of BFC II, December 2015

In turn, this report references and draws on findings of the mid-term evaluation of BFC programme (refer Annex 7).

<b>Summary of key findings and conclusions</b>
<p>BFC’s return to public disclosure and adoption of a more transparent approach in 2014 made Cambodia the only large- scale garment producing country revealing garment factories’ level of compliance to the public. This is assessed as critical in rebuilding confidence in the country’s commitment to improving working conditions in the industry. The programme was found to be relevant and based on a results framework that is sound and has a logical construction, with a structure that is also found in its work plan. It was concluded, though, that strategy and assumptions need to be given more attention in the design of a future results framework of interventions.</p>
<p>With respect to Outcome 1 on factory-level engagement, it is found that (i) compliance in participating factories has improved during the reporting period, and the number of low compliance factories has reduced over time since the start of transparency; (ii) the planned expansion to reach footwear-producing factories has yielded modest progress and the work is slow, and the work with the 31 sub-contracting factories to export-licensed garment producers is likely to pose a challenge; and (iii) in view of the staff changes in BFC during the period under review, both staff and stakeholders have indicated that the new management arrangements had helped improve implementation and relations with constituents.</p>
<p>With respect to factories’ compliance with national labour law (Outcome 2 ), it is (i) noted that BFC’s training programme for factories includes occupational safety and health; sexual harassment; supervisory and managerial skills training and negotiating skills; human resources management skills; among others; (ii) found that changed monitoring practices have positively influenced compliance with national labour laws and international labour standards and generated more confidence among stakeholders (a caution is provided regarding securing the “unannounced monitoring visits” in this context); and (iii) found that advisory and trainings services have been diversified to include human resource management systems, which will be broadened with topics such as impact evaluation, marketing (to generate more revenue) and quality control.</p>
<p>With respect to Outcome 3 on policy advocacy for sustainable international labour standards, BFC is found to have used evidence and information from its long experience in the garment industry to influence buyers, factory practices, and behaviours of both management and workers – and has also been the model in many areas for the global ILO Better Work global programme – thus its practices have been influential internationally. Some of the research has not yet been completed that could bring out information to be used in advocacy. Regarding policy advocacy, BFC had an impact on agreement of a new MOU with GMAC and worked with MoLVT on the content of a new ministerial declaration (Prakas), gazetted in December 2015, regarding the prevention of hiring/using under-aged workers in the factories.</p>
<p>With respect to Outcome 4 addressing BFC’s financial viability and national constituents’ institutional sustainability, especially that of the RGC, it is concluded that: (i) BFC has been efficient in its spending in relation to its targets; (ii) the programme has proved able to secure financial support in different ways; (iii) BFC has extended MoUs with GMAC and the RGC; and (iv) has shown that it has an ability to earn revenue from training/advisory services and capacity- building courses, with 70 percent of the total budget coming from the services at the time of the evaluation mission. The latter was seen as an important achievement which provides a base to build sustainable services in the future.</p>
<p>The demand for BFC’s services remains strong and national management staff has long experience and have been trained to become future leaders. These are important achievements and steps in the direction of becoming independent of donor funds in the future and able to develop sustainable services. However, while BFC has made an important and positive impact, has built a very capable national management team and is creating revenue from its services, the evaluation was not able to identify any willingness among the main constituents and stakeholders to create a financially sustainable national, independent institution under a contractual arrangement with the ILO, as the Terms of Reference for the evaluation foresaw. During the period under review, no strategy or vision towards institutionalisation had been developed, however in its final quarter a consultant was commissioned to assess the key stakeholders’ views and plans for the future of the BFC</p>

With respect to working relations with ILO key constituents (Outcome 5), the evaluation highlighted the importance of working with the MoLVT and MoC and advocated for these relationships to be given due attention as they are closely connected with efforts to keep factories compliant and to generate positive developments in the industry.

However, the evaluation was not able to identify any direct sense, or sign, of ownership of the programme among key stakeholders. What was detected, however, is a renewed interest for cooperation and association with the ILO in this area, which seemingly is linked to the change of BFC management in 2015. It was also concluded that trade unions are fairly represented in the Programme Advisory Committee (PAC) but for a variety of reasons they are on the margin of the BFC's active engagement in the garment industry. This situation may affect BFC's long-term viability adversely if not addressed in the forthcoming project.

With respect to the mainstreaming of gender concerns within the work and development of BFC, it was noted that : (i) activities have been undertaken that benefit women workers, however there is a lack of gender analysis and gender strategy and no consolidated documentation on what has been done regarding gender (women, girls, men and boys); and (ii) as more information and data is being generated through various studies about both women, men workers and child labour - there are opportunities for new entry points for BFC to be more engaged and advocate on issues that are relevant from a gender equality perspective.

Summary of recommendations	Comment
<p><b>Recommendation 1.</b> The Project should, with the help of experts if needed, develop a solid results framework, solid in all its parts including SMART indicators including a solid and realistic strategy building.</p>	<p>Achieved in the Project Document, work plan and monitoring framework for the current programme phase.</p>
<p><b>Recommendation 2.</b> The Project should abstain from expanding into new sectors as the garment and the footwear sectors (including their respective sub-contracting firms) are big enough for the resources available and still pose many challenges that are yet to be tackled.</p>	<p>The focus on the garment and footwear sectors has been retained.</p>
<p><b>Recommendation 3.</b> Regarding monitoring practices:</p> <ul style="list-style-type: none"> <li>a) BFC and the key stakeholders should consider that the new Project proposal includes an expert position (with a ToR specifying the responsibilities) on Monitoring and Evaluation (M&amp;E) – serving the whole project, not only the monitoring aspects in relation to factories;</li> <li>b) The Project should be mindful about making unannounced assessment or monitoring visits really unknown (by the factories) – and consider whether changes need to be made regarding the routines of these visits.</li> </ul>	<p>Creation of new overarching M&amp;E position not yet pursued.</p> <p>Explicit and clear measures have been put in place to ensure the integrity of unannounced monitoring visits.</p>
<p><b>Recommendation 4.</b> The Project should ensure that research studies that have been started and not completed during the phase are completed and that they are shared with the public.</p>	<p>This has been followed through.</p>
<p><b>Recommendation 5.</b> Following the above-mentioned conclusion about ensuring long-term viability of benefits and outcomes in the industry, the Project and partners should:</p> <ul style="list-style-type: none"> <li>a) develop a road map and strategy, in which in particular the rendering of high quality services and marketable pricing are well worked out;</li> <li>b) provide joint guarantees that any future training of its inspectors must be accompanied by regular monitoring of performance, including behaviour and attitude change; and c) use the momentum of the interest shown by the DG, Ministry of Commerce, in the discussions and consultations to come about the new proposal and the future as he definitely could play a</li> </ul>	<p>Work on a road map, strategy and action plan with the MOLVT is still in progress. Engagement with the MOC has been stepped-up.</p>

key leading role from the Government's side.	
<p><b>Recommendation 6.</b> In the efforts to develop a new strategy for the subsequent project phase, ILO and the constituents should be mindful in building on the new momentum for the Project (after a few turbulent years) to further solidify the improved relations.</p>	<p>The strategy and Project Document for the current phase reflect the new momentum of that time, with a core focus on scaling-up, institutionalization and sustainability.</p>
<p><b>Recommendation 7.</b> The Project should ensure that gender issues get a much more prominent role in the new project proposal and that a gender analysis and its findings should serve as a benchmark/baseline, and would help the Project staff to design/implement a relevant gender strategy at the very onset with gender responsive activities.</p>	<p>A Gender Strategy has been adopted for the current period and a study has been published on the state of gender relations and issues in the garment sector (see summary of BFC achievements by outcome).</p>
<p><b>Recommendation 8.</b> The Project and the ILO constituents should make all efforts to develop an independent entity in order to sustainably continue its factory assessments, advisory and training functions, and to become stronger on policy advocacy. Along with increased quality of services, sustainability must be a top priority for Project in the near future namely how to, at least in the long term, sustain the activities currently performed in a project environment. The process should involve broad and deep consultations with key partners and also partners outside the usual stakeholders framework – for the sake of inspiration and – even from actors outside the country.</p>	<p>An independent study on institutionalization and sustainability options is recommended by the current (2018) mid-term evaluation.</p>

## KEY ELEMENTS OF BFC'S PUBLIC DISCLOSURE APPROACH<sup>32</sup>

BFC's return to its earlier practice of publicly disclosing factory-specific compliance information has the following objectives:

1. Build the Cambodian garment industry's reputation for decent working conditions and keep pace with competing industries where disclosure of ILO factory compliance data will soon be the norm;
2. Bolster enforcement efforts by the Royal Government of Cambodia;
3. Spur significant changes in factories with chronically low compliance; and,
4. Accelerate improvements in working conditions on critical issues across the industry.

### Types of public disclosure

- **Critical Issues.** BFC measures all factories with two or more assessments against 21 critical issues. In the first year of the programme, factories can request a BFC verification visit to confirm improvements before disclosure.
- **Low Compliance.** Factories with three or more BFC assessments are measured against 52 legal requirements. Factories with the lowest compliance levels—those falling two standard deviations below the mean for compliance—are eligible for this second level of public disclosure. Results for this small group of factories are based on assessments no older than 12 months and factories can request one BFC verification visit.
- **Union Compliance.** BFC findings on unions' compliance with strike requirements are published.

New data for all types of disclosure are published quarterly on the BFC Transparency Database website where factories are able to post information about their performance.

### Key steps and and timelines

- Time to make improvements. Factories, and subscribing buyers receive BFC Critical Issues and Low Compliance reports as factories are assessed. These reports detail the compliance information that will be disclosed publicly and factories are given at least 60 days between BFC issuance of the reports and public disclosure to make improvements.
- Government enforcement. These reports are shared at the same time with the Royal Government of Cambodia in order that the government may utilize its enforcement mechanisms to improve compliance before disclosure. In an effort to further leverage improvements, reports are also shared with the Garment Manufacturers Association in Cambodia (GMAC) and buyers that subscribe to receive BFC reports in each factory.
- Verifying improvements. Factories are able to request verification of changes made after delivery of BFC's reports. BFC charges factories for verification visits, which take place at least 60 days after delivery of BFC's Critical Issues and Low Compliance reports.
- Learning curve and sustainable changes. These reports and verification requests are available for each factory's first instance of public disclosure. After the first 12 months of the programme, factories can be expected to sustain their improvements and remain compliant with these fundamental requirements.
- Ongoing factory input. Factories can post information regarding their compliance on the public disclosure website at any time after their information appears on the site. All viewers of the site will be able to see the information posted by factories.

<sup>32</sup> BFC Transparency Factsheet, accessed at <https://betterwork.org/where-we-work/cambodia/>

## GOOD PRACTICES HIGHLIGHTED BY EVALUATION

The following emerging good practice has been identified during the course of the evaluation. Further text can be found in the full evaluation report.

<b>Good practice title 1</b>	<b>Public disclosure of factory compliance with international labour standards and the Cambodia Labour Law as a result of the reintroduction of the BFC transparency database in 2014.</b>
<b>Brief summary of the good practice (link to project goal or specific deliverable, background, purpose, etc.)</b>	As the analysis of the impact of public disclosure of factory compliance in Section 8.4.2 elaborates, the database has had an attributable impact on factory compliance levels and trends. The approach was pioneered by BFC and is embedded into the BFC mandate under the Garment Sector MOU, with support for it publically reiterated by BFC's core partners in their December 2017 statement on the 34th BFC Synthesis Report. The results, along with the ongoing support and engagement of core partners, have shown that the ILO / BFC was correct in advocating for its reintroduction (refer Section 8.4.2 for a detailed analysis of the impact of the transparency database).
<b>Relevant conditions and context: limitations or advice in terms of applicability and replicability</b>	A key condition in the Cambodia context is the requirement that all garment export factories must be part of the programme, as a condition of being licensed by the Ministry of Commerce. The embedding of public disclosure within the BFC mandate under the tripartite Garment Sector MOU is also a key relevant condition. Replicability is demonstrated by the roll out of the approach in other countries with a Better Work programme, including Indonesia, Vietnam, Jordan and Bangladesh.
<b>Cause-effect relationship</b>	Assessments of factory compliance trends since the reintroduction of the database indicate a direct correlation to improved compliance with BFC's 21 Critical Issues since 2014.
<b>Indicate measurable impact and targeted beneficiaries</b>	As indicated above, the levels of compliance with the BFC's 21 Critical Issues have improved since reintroduction of the database in 2014. The direct target group is garment exporting factories in Cambodia, with benefits to workers and employers alike in terms of working conditions and enterprise profitability and sustainability.
<b>Potential for replication and by whom</b>	As indicated, the approach is currently being rolled-out in other ILO Better Work countries.
<b>Upward links to higher ILO Goals (DWCPs, Country Programme Outcomes or ILO's Strategic Programme Framework)</b>	This success of this good practice links directly to Outcome 7 of the ILO's Programme and Budget Proposals for 2016-2017, i.e. Promoting workplace compliance through labour inspection. The BFC programme was also seen as contributing to (i) Country Programme Outcome (CPO) KHM 204: Effective progress made to enhance enterprise productivity, competitiveness and working conditions and promote entrepreneurship; and (ii) DWCP Outcomes 1.2, 1.3, 2.3 and 3.3.



The following emerging good practice has been identified during the course of the evaluation. Further text can be found in the full evaluation report.

<b>Good practice title 2</b>	<b>Leveraging BFC’s acknowledged “convening power” to proactively promote and contribute to the development of national garment sector strategy in Cambodia.</b>
<b>Brief summary of the good practice (link to project goal or specific deliverable, background, purpose, etc.)</b>	<p>BFC has played a much commended promotional, facilitation and technical support role from the beginning in the development of the strategy. The programme worked closely with the Ministry of Economy and Finance to both provide technical inputs and facilitate the engagement of Cambodia’s private sector, trade unions and international brands/buyers.</p> <p>In 2016, following concerns expressed by stakeholders on the attractiveness and future of the Cambodian garment sector, BFC commissioned research into the competitive status of the industry . The July 16 report, titled “Cambodia’s Garment industry: Challenges, Opportunities and Ways Forward,” confirmed the weakening of the attractiveness of the sector in an increasingly complex international environment and identified opportunities to strengthen its competitive base. The research was shared with industry partners, the Cambodian Government, unions and those who participated in the research, helping to initiate the current strategy formulation process. As mandated by the Prime Minister, MEF and the Supreme National Economic Council (SNEC), the body responsible for developing economic policies, formed a technical team to drive the drafting process. As a member of the technical team, BFC provided feedback on the initial analysis, facilitated consultative meetings with trade unions and business interests, organized a workshop on sourcing strategies and country case studies, and facilitated meetings with buyers, vendors, intermediaries and the Hong Kong American Chamber of Commerce.</p>
<b>Relevant conditions and context: limitations or advice in terms of applicability and replicability</b>	A key factor creating impetus for the development of the strategy was the growing evidence of competitiveness challenges facing the industry, highlighted by the above-mentioned BFC research report and requiring a systemic policy response. Such issues and considerations are likely to be relevant in all countries where the garment sector plays a significant role in the national economy.
<b>Cause-effect relationship</b>	The BFC role directly related to the growing evidence of competitiveness challenges to the Cambodian industry. The link to the BFC mandate and its stated policy influencing role was clear. BFC’s particular contribution, building on the above-mentioned comprehensive research, was its leveraging of domestic and international stakeholder linkages and data, including within the global Better Work framework, to help catalyze the initiation of the strategy development process.
<b>Indicate measurable impact and targeted beneficiaries</b>	As of May 2018, the draft strategy was ready for presentation to the SNEC. The longer term impact of the strategy on Cambodia’s garment sector (both its export and domestic components) will be the focus of future assessments.
<b>Potential for replication and by whom</b>	In the context of similar challenges (current or potential) in other garment exporting countries, there are possibilities for replication (or at least for drawing on Cambodia lessons and experience in developing locally-grounded approaches).
<b>Upward links to higher ILO Goals (DWCPs, Country Programme Outcomes or ILO’s Strategic Programme Framework)</b>	This success of this good practice links directly to Outcome 7 of the ILO’s Programme and Budget Proposals for 2016-2017, i.e. Promoting workplace compliance through labour inspection. The BFC programme was also seen as contributing to (i) Country Programme Outcome (CPO) KHM 204: Effective progress made to enhance enterprise productivity, competitiveness and working conditions and promote entrepreneurship; and (ii) DWCP Outcomes 1.2, 1.3. 2.3 and 3.3.

The following emerging good practice has been identified during the course of the evaluation. Further text can be found in the full evaluation report.

<b>Good practice title 3</b>	<b>Using data analysis to underpin new strategic relations with international manufacturer/investor groups</b>
<b>Brief summary of the good practice (link to project goal or specific deliverable, background, purpose, etc.)</b>	<p>This development recognises and seeks to leverage the power and influence of such groups (beginning with Asia-based JDU/Roo Hsing and Chrystal) to influence the practices of factories within their orbit in Cambodia. Existing factory compliance data is being used to underpin the introduction of a cluster approach, which involves working with the enterprises linked to the two international groups to collectively foster mutual learning, support and progress.</p> <p>For JDU/Roo Hsing, data from BFC assessments show a mixed picture of factory performance, with OSH standing out as the most widely shared issue. A series of measures have been agreed to increase the impact of management and BFC service delivery (including through the PICCs), and to improve accountability and reporting. A set of conditions for success in the collaboration have also been agreed. These are: BFC consistency in service delivery and quality reporting; explicit commitment, including financial where required, from JDU/Roo Hsing; PICCs to meet in between BFC factory visit and do all reporting in the BFC system; and buyers' commitment to support JDU/Roo Hsing to make changes.</p>
<b>Relevant conditions and context: limitations or advice in terms of applicability and replicability</b>	<p>A key element in the development of the new approach is the growing attention by BFC / Better Work to "drivers of change" and systems approaches. These orient programme implementation, learning and staff capacities towards the factors which move beyond compliance per se to systemic change which is ultimately owned and driven by the businesses themselves.</p>
<b>Cause-effect relationship</b>	<p>The cause and effect relationships between the new strategic orientation of BFC / Better Work, as described above, and long term change are yet to be fully demonstrated. In the shorter term, the new systems and "drivers of change" approaches of BFC/Better Work have contributed to the focus on identifying levers of power and influence, such as that possessed by the international/investor groups which are being targeted.</p>
<b>Indicate measurable impact and targeted beneficiaries</b>	<p>The impact of the new relationships and associated cluster approaches on factory-level compliance improvement will be the focus of future BFC assessments and data analysis.</p>
<b>Potential for replication and by whom</b>	<p>This approach shows the added-value of tapping into BFC (and other) data to underpin the leverage potential of important new relationships, creating a basis for the further development by BFC of clustered/mutual learning and support approaches among Cambodian garment factories. Such an approach is relevant to other Better Work countries and is being pursued by Better Work globally.</p>
<b>Upward links to higher ILO Goals (DWCPs, Country Programme Outcomes or ILO's Strategic Programme Framework)</b>	<p>This success of this good practice links directly to Outcome 7 of the ILO's Programme and Budget Proposals for 2016-2017, i.e. Promoting workplace compliance through labour inspection. The BFC programme was also seen as contributing to (i) Country Programme Outcome (CPO) KHM 204: Effective progress made to enhance enterprise productivity, competitiveness and working conditions and promote entrepreneurship; and (ii) DWCP Outcomes 1.2, 1.3. 2.3 and 3.3.</p>

The following emerging good practice has been identified during the course of the evaluation. Further text can be found in the full evaluation report.

<b>Good practice title 4</b>	<b>Use of data to drive service delivery improvement and staff professional development</b>
<b>Brief summary of the good practice (link to project goal or specific deliverable, background, purpose, etc.)</b>	One of several BFC examples in this respect is the use of data from the evaluation of advisory and training activities for service delivery and individual performance improvement. BFC has pioneered the use of tablets and the Harvest IT platform for the analysis of evaluations provided by participants in advisory and training services. The technology enables evaluation feedback to be analyzed and fed back to participants and factory managers in the same day. Such data has also provided the basis of an annual report on results and fed into staff professional development and performance appraisal .
<b>Relevant conditions and context: limitations or advice in terms of applicability and replicability</b>	A key condition is the availability of a rich databank, drawn from BFC assessments, combined with an innovative orientation in the BFC management team towards (i) using this for organizational and staff capacity improvement, and (ii) using available IT tools for this purpose.
<b>Cause-effect relationship</b>	Examples were provided during the evaluation process of data being used to identify ways in which training and advisory services could be made more effective and staff performance was monitored and improved through evidence-based feedback. The cause-effect relationship is a continuous/iterative one
<b>Indicate measurable impact and targeted beneficiaries</b>	The “beneficiaries” in this case are primarily internal, both institutional and individual. Stakeholder feedback for the evaluation was universal in noting improvements in the quality of BFC service delivery and staff skills during the current strategic phase. This correlates to an increasingly systematic use of data as a performance tool.
<b>Potential for replication and by whom</b>	Based on this experience, Better Work globally has rolled the approach out to other country programmes using a different software package (Qualtrics), which BFC also intends to adopt. BFC have further developed a data-driven evaluation methodology to be applied at the end of each advisory cycle and will start testing this in May 2018.
<b>Upward links to higher ILO Goals (DWCPs, Country Programme Outcomes or ILO’s Strategic Programme Framework)</b>	This success of this good practice links directly to Outcome 7 of the ILO’s Programme and Budget Proposals for 2016-2017, i.e. Promoting workplace compliance through labour inspection. The BFC programme was also seen as contributing to (i) Country Programme Outcome (CPO) KHM 204: Effective progress made to enhance enterprise productivity, competitiveness and working conditions and promote entrepreneurship; and (ii) DWCP Outcomes 1.2, 1.3, 2.3 and 3.3.

## LESSONS HIGHLIGHTED BY THE EVALUATION

## ILO Lesson Learned Template 1

Project Title: Better Factories Cambodia

Project TC/SYMBOL: CMB/12/51/CMB, CMB/12/52/CMB, CMB/12/53/USA, KHM/15/50/NLD, KHM/16/51/AUS

Name of Evaluator: Mr. Don Clarke and Mr. Sok Somith

Date: 31 May, 2018

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

LL Element	Text
<b>Brief description of lesson learned (link to specific action or task)</b>	<b>The development of a complex relationship such as that between BFC and the MOLVT is a multi-layered and long-term process:</b> Several factors influence such a process in the Cambodian context. These include the attention to national sovereignty and ownership issues that increasingly underpin RGC relations with the international community generally; and the impact of generally low capacity “starting levels’ across government ministries and departments in terms of resources, facilities, and skills.
<b>Context and any related preconditions</b>	The context is one of a long-term relationship (17 years) where two entities - one the formal government institution (The MOLVT) and the other an international organization (BFC/ILO) - are largely working in the same space with differing capacities and access to resources. A key precondition is the Cambodian Government requirement that all garment exporting factories are part of the BFC’s factory monitoring programme.
<b>Targeted users / Beneficiaries</b>	The primary target group is garment export factories and their respective workforces.
<b>Challenges /negative lessons - Causal factors</b>	The challenge has been to build a relationship of full reciprocity, openness and trust in a context where national sovereignty considerations are important.
<b>Success / Positive Issues - Causal factors</b>	The current BFC phase has seen some important steps forward which will carry forward into the next phase. These include the development of a Joint Action Plan, improvements in the MOLVR inspection checklist, and first steps towards collaboration on strategic compliance planning and building OSH capacity.
<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	The importance of ensuring the greatest possible degree of collaboration, mutual support and mutual learning under the framework of the DWCP between BFC and other elements of the ILO’s work in Cambodia was highlighted by the evaluation.

## ILO Lesson Learned Template 2

**Project Title:** Better Factories Cambodia

**Project TC/SYMBOL:** CMB/12/51/CMB, CMB/12/52/CMB, CMB/12/53/USA, KHM/15/50/NLD, KHM/16/51/AUS

**Name of Evaluator:** Mr. Don Clarke and Mr. Sok Somith

**Date:** 31 May, 2018

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

LL Element	Text
<b>Brief description of lesson learned (link to specific action or task)</b>	<b>A strategic orientation to stakeholder engagement brings new opportunities and leverage for BFC:</b> BFC has increased its leverage to extend and sustain changes at policy and factory levels through the development of its relationship with the Cambodia Ministry of Economy and Finance (MEF), the expansion of brand/buyer relations and its reaching out to international manufacturers/investors, among other initiatives. Such developments demonstrate the importance of looking beyond established relationships to tap into new and emerging sources of influence, and contribute to widening the network for sustainable change at country level.
<b>Context and any related preconditions</b>	A key internal impetus has been the increasing focus within BFC and Better Work globally on systems approaches (and related staff capacities) which aim to increase impact by focusing on the real underlying drivers of systemic change. Crucial in the external context are the increasing competitiveness challenges faced by Cambodia's garment industry, which have been a driving factor in BFC's engagement with MEF to develop a national garment sector strategy.
<b>Targeted users / Beneficiaries</b>	The ultimate targets are the businesses which own/run Cambodia's garment industry and the workers employed in the sector, their families and communities
<b>Challenges /negative lessons - Causal factors</b>	Some stakeholders observed that such changes are only gathering momentum at this point (after 17 years of BFC presence in Cambodia), and asked why the analysis and impetus were not evident earlier. It can be noted in response that the relevant lessons and underlying thinking have been developing for some years, but it takes time for new approaches to surface, be tested and gain momentum. BFC has both influenced and been supported by Better Work globally in this regard.
<b>Success / Positive Issues - Causal factors</b>	Initial steps and successes are noted in box one above, but will play out and be further assessed in the next BFC phase. One important development in this regard is the development of cluster/collective approaches to factory improvement, linked to the ownership patterns in Cambodia of international manufacturing/investor groups.

<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	<p>These developments/ approaches are embedded in Phase 4 of Better Work globally as well as emerging out of BFC’s own experience and learning, so are being reinforced “bottom-up and top-down.” BGC’s staff professional development approaches are increasing focusing around the particular skills and understandings required to deepen systems-based approaches in every-day work.</p>
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## ILO Lesson Learned Template (3)

**Project Title: Better Factories Cambodia**

**Project TC/SYMBOL: CMB/12/51/CMB, CMB/12/52/CMB, CMB/12/53/USA, KHM/15/50/NLD, KHM/16/51/AUS**

**Name of Evaluator: Mr. Don Clarke and Mr. Sok Somith**

**Date: 31 May, 2018**

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

LL Element	Text
<b>Brief description of lesson learned (link to specific action or task)</b>	<p><b>Potential exists to expand use of BFC’s hard-won “convening power” to facilitate collective processes for change:</b> Several stakeholders referred to BFC’s “convening power” as an asset that has been hard won over 17 years of presence in Cambodia. The potential exists for this widely acknowledged asset to be further judiciously and strategically employed to facilitate systemic change, including through enhanced collaboration and synergies amongst the multiplicity of external actors now engaged in the sector.</p>
<b>Context and any related preconditions</b>	<p>Over 17 years BFC has developed and maintained a reputation for integrity and independence within Cambodia’s garment sector and beyond. Its recent facilitation and support roles within the garment sector strategy process, as well as efforts to address the workers’ transportation crisis, have demonstrated its ability to act as a respected and independent convenor around shared interests and priorities.</p>
<b>Targeted users / Beneficiaries</b>	<p>As above, the ultimate targets are the businesses which own/run Cambodia’s garment industry and the workers employed in the sector, their families and communities</p>
<b>Challenges /negative lessons - Causal factors</b>	<p>There is an increasing multiplicity of external actors in Cambodia’s garment sector. A challenge is to selectively use BFC’s acknowledged ‘convening power’ to enhance synergies and collaboration around shared practical priorities in order to maximize impact and reduce burdens on employers and workers (it is reported that some factories receive up to 40 inspection, monitoring or related visits in one year).</p>

<b>Success / Positive Issues - Causal factors</b>	Key successes in the current BFC phase are the progress to date in developing a national garment sector strategy and addressing the workers' transportation crisis, in which case BFCs 'convening power' has been demonstrated. In the former case, research commissioned by BFC provided an important catalyst.
<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	The main organizational implications are around BFC's strategic orientation, openness to innovation and capacities (particularly staff) to follow through. These factors are in place increasingly.

## ILO Lesson Learned Template 4

Project Title: Better Factories Cambodia

Project TC/SYMBOL: CMB/12/51/CMB, CMB/12/52/CMB, CMB/12/53/USA, KHM/15/50/NLD, KHM/16/51/AUS

Name of Evaluator: Mr. Don Clarke and Mr. Sok Somith

Date: 31 May, 2018

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

LL Element	Text
<b>Brief description of lesson learned (link to specific action or task)</b>	<b>BFC's rich factory / sector-based database holds significant potential as a driver for change:</b> As several stakeholders observed, BFC has access to a longstanding rich database covering most aspects of factory life as they concern both workers and managers in Cambodia. Strategically analyzed and applied, such data can inter alia (i) add significant authority to research, policy advocacy and public outreach in line with BFC's core mandate; (ii) inform the targeting and design of initiatives to promote change at factory level; (iii) improve organizational performance and the quality of core services and (iv) provide feedback which can improve individual staff effectiveness in their roles.
<b>Context and any related preconditions</b>	Intrinsic to BFC's role and mandate is the gathering, organization, analysis and application of field data derived from its factoring monitoring role across the whole garment export sector of Cambodia.
<b>Targeted users / Beneficiaries</b>	As above, the ultimate targets are the businesses which own/run Cambodia's garment industry and the workers employed in the sector, their families and communities
<b>Challenges /negative lessons - Causal factors</b>	Challenges have included (i) building internal understanding over several years of the potential for tapping into field data for institutional and staff performance improvement, and (ii) the development of systems, including the appropriate IT tools, to maximize the ability to access, analyze and use the data

<b>Success / Positive Issues - Causal factors</b>	Data is now being more efficiently used to drive service delivery improvement, staff performance appraisal and development, and policy influencing work. Having access to the right/efficient IT tools is a key factor, as are staff orientation and skills.
<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	An issue identified by this evaluation, as well as by the global Better Work Phase 3 evaluation, is the inflexibility and lack of 'fit for purpose' of the current STAR database system.

## ILO Lesson Learned Template (5)

**Project Title: Better Factories Cambodia**

**Project TC/SYMBOL: CMB/12/51/CMB, CMB/12/52/CMB, CMB/12/53/USA, KHM/15/50/NLD, KHM/16/51/AUS**

**Name of Evaluator: Mr. Don Clarke and Mr. Sok Somith**

**Date: 31 May, 2018**

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

LL Element	Text
<b>Brief description of lesson learned (link to specific action or task)</b>	<b>Understanding deeper inhibitors and enablers of change is crucial to strengthening BFC's longer term impact and the sustainability of its impact, outcomes and capacities:</b> Several stakeholders highlighted the importance of what they perceived as BFC's shift from compliance per se (as foundational as this is) to more systemic change, evidenced by BFC's role in the development of the national garment sector strategy. BFC's increased focus in staff professional development on "drivers of change, learning chain and systems approaches" reflects these understandings and represent a significant enhancement of BFC's critical capacities to contribute to systemic and sustainable change in Cambodia's garment sector.
<b>Context and any related preconditions</b>	As noted above (Lesson 2), a key internal impetus has been the increasing focus within BFC and Better Work globally on systems approaches (and related staff capacities) which aim to increase impact by focusing on the real underlying drivers of systemic change. Crucial in the external context are the increasing competitiveness challenges faced by Cambodia's garment industry, which have been a driving factor in BFC's engagement with MEF to develop a national garment sector strategy.
<b>Targeted users / Beneficiaries</b>	The ultimate targets are the businesses which own/run Cambodia's garment industry and the workers employed in the sector, their families and communities



<p><b>Challenges /negative lessons - Causal factors</b></p>	<p>The increasing focus within BFC (and Better Work globally) on understanding deeper inhibitors and enablers of change was described by some stakeholders as “overdue.” It can be noted in this context that the relevant lessons and underlying thinking have been developing for some years as a result of successive evaluations and studies, as well as evolving internal reflection and analysis of performance data. It takes time for new approaches to surface, be tested and gain momentum. BFC has both influenced and been supported by Better Work globally in this regard.</p>
<p><b>Success / Positive Issues - Causal factors</b></p>	<p>Initial steps and successes around the national garment sector strategy and contributing to collective efforts to address the workers’ transportation crisis are noted in box one above. These will play out further and be further assessed in the next BFC phase. The above-described development of systems-based approaches within BFC and Better Work globally, linked to the development of relevant staff capacities, are crucial in this regard.</p>
<p><b>ILO Administrative Issues (staff, resources, design, implementation)</b></p>	<p>These developments/ approaches are embedded in Phase 4 of Better Work globally as well as emerging out of BFC’s own experience and learning, so are being reinforced “bottom-up and top-down,” creating a virtual circle of learning and improvement. BGC’s staff professional development approaches are increasing focusing around the particular skills and understandings required to deepen systems-based / “drivers of change” approaches in every-day work. This evaluation observed a strong commitment amongst BFC’s Management Team to an ongoing deepening of the relevant understandings, capacities and institutional learning orientation.</p>

## LIST OF REFERENCES FOR MID-TERM EVALUATION

### 1. BWG AND BFC evaluations/studies reviewed

Evaluation title	Type of evaluation/project code
Lessons and ways forward: Labour Standard in the Global Supply Chains: A programme of Action for Asia and the garment sector (2016)	Internal evaluation
Better Factories Cambodia Phase II - Final Evaluation: December (2015)	Independent evaluation
Longitudinal Impact Assessment ending 2016 (included yearly data collection over the previous six years).	Impact assessment study
BFC impact assessment data collection, 29 factories, June 2017 (internal)	Impact assessment
Better Work Stage III – US Council Foundation: Final evaluation (2016)	Independent evaluation
ILO/IFC Better Work Global Programme: Interim evaluation (2012)	Independent evaluation
Better Work Global: midterm evaluation (2014)	Internal report
Better Work Global Programme Phase III : mid-term evaluation (2015)	Independent evaluation
Better Work Global Programme Phase III: Final evaluation (2017/2018)	Independent evaluation

## 2. Other key references

### ILO / BFC/ Cambodia partnership documents

- Kingdom of Cambodia Decent Work Country Programme (DWCP), 2016-2018
- Memorandum of Understanding (MOU) between the Royal Government of Cambodia, the Garment Manufacturers Association in Cambodia and the International Labour Organization on ILO Better Factories Cambodia Programme, 8 November, 2016
- Action Plan for collaboration between BFC and the Ministry of Labour and Vocational Training (draft 5 June, 2017)
- Statement from the Project Advisory Committee of Better Factories Cambodia on the release of the 34<sup>th</sup> annual Synthesis Report on Working Conditions in the Cambodia Garment Sector

### Better Factories Cambodia documents

- BFC Strategy 2016-2018: Increasing impact and institutional sustainability
- BFC Project Document, work plan (updated January 2018) and monitoring framework 2016-2018
- BFC Gender Strategy 2017-2018
- BFC Communications Strategy
- BFC Strategy and Approach for Industrial Relations and Freedom of Association (FoA)
- Results of consultations for BFC's next strategic phase: Increasing impact on and capacity for continuous improvement
- Strategic Compliance Planning for the Cambodian Labour Inspectorate (MoLVT, ILO LAB/ADMIN, ILO OSH Project and ILO/BFC)
- Various selected BFC promotional documents, published guidelines and powerpoint presentations
- Various selected BFC previous project documents, internal plans (including staff professional development), guidelines, budget documents, minutes and memos

### Better Factories Cambodia studies/publications

- 33<sup>rd</sup> and 34<sup>th</sup> annual Synthesis Reports on Working Conditions in the Cambodia Garment Sector, 2016 and 2017
- Cambodia's Garment Industry: Challenges, Opportunities and Ways Forward, July 2016
- Assessing the impact of Better Factories Cambodia: Results from worker and manager baseline surveys, Tufts University and Indochina Research, January 2017
- Towards Gender Equality: Lessons from factory compliance assessments 2106-2017
- Cambodia's Garment Industry: Challenges, Opportunities and Ways Forward

### Better Work publications

- Annual Report 2017: An Industry and Compliance Review: Cambodia
- Policy brief: Women, Work and Development. Evidence from Better Work
- Progress and Potential: A Focus on Gender
- Progress and Potential: How Better Work is improving garment workers' lives and boosting factory competitiveness
- Progress and Potential: Findings from an independent impact assessment
- Gender Equality in the Global Garment Industry
- Various selected BW promotional documents, published guidelines and backgrounders

### Background analysis / documentation

- ADB Sector Assessment (summary): Public Sector Management. Accessed on 20/04/2018 at [www.adb.org/sites/default/files/linked-documents/cps-cam-2014-2018-ssa-05.pdf](http://www.adb.org/sites/default/files/linked-documents/cps-cam-2014-2018-ssa-05.pdf)
- ASEAN in Transformation: How technology is changing jobs & enterprises, Cambodia Country Brief, ACT/EMP, 2017
- ASEAN In Transformation: Textiles, Clothing and Footwear. Refashioning the Future, ILO, July 2016
- Cambodian Garment and Footwear sector Bulletins: Issue 3, March 2016; Issue 5, January 2017; Issue 6, May 2017;
- Programme summaries and reports of the EU, Global Deal (Sweden), GIZ, ACT, UNDP
- Robertson, Raymond (2018) "Lights On: Public Disclosure and Compliance: Evidence from Better Factories Cambodia," forthcoming Better Work Discussion Paper
- UNDP Human Development Report, March 2017: <http://hdr.undp.org/en/composite/GII>

## LIST OF INTERVIEWEES/CONSULTATIONS

Name and Surname	Position	Institution
H.E. Mr. Mam Vannak	Secretary of State	MOLVT
H.E Mrs. S. Vannaroth	Deputy Secretary General	MOLVT
H.E. Ouk Chanthou	Director	MOLVT Dept Labour Inspection
Dr. Leng Tong	Director	MOLVT Dept of OSH
Mr. Vannak	Office's Vice-Chief	MOLVT Dept Labour Inspection
Mr. Pich Sitha Serey	Deputy of Department	MOLVT Dept Labour Inspection
Mr. N. Thunserei Bandith	Advisor	MOLVT
Mr. Chea Sopheak	Economist	Ministry of Economy/Finance
Mr. Pen Vibolsak	Economist	Ministry of Economy/Finance
H.E. Kosal Kao	Director General	MOC Export-Import Dept
Mr. Ho Sivyong	Director	MOC Export-Import Dept
Ms. Rithy Bopharath	Officer	MOC Export-Import Dept
Dr. Ken Loo	Secretary General	GMAC
Ms. Amara Bou	Programme Analyst	UNDP
Ms. Sophorn Yann	Youth Employment Specialist	UNDP
Ms. Sophea	Governance/WEE	UN Women
Ms. Marta Abrantes	Trade and Private Sector	Delegation of the EU
Mr. Scott Schlossberg	Political and Economic Officer	Embassy of the USA
Mr Andreas Johansson	First Secretary	Embassy of Sweden
Ms. Eleonore Richardson	Program Manager,	IFC Asia Regional Office
Ms. Heng Srey Roth	Admin Assistant	Evergreen Knitting Co Ltd
Ms. Ith Sina	Production Supervisor	Evergreen Knitting Co Ltd
Ms. Ngam Ura	Chief of Warehouse	Evergreen Knitting Co Ltd
Ms. Leng Sithol	Chief of Sewing Dept.	Evergreen Knitting Co Ltd
Mr. Poeu Doeun	Chief of Packaging Dept.	Evergreen Knitting Co Ltd
Mr. Som Kosal	Electrician & Mechanic	Evergreen Knitting Co Ltd
Mr. La Hak	Chief of Cutting Dept.	Evergreen Knitting Co Ltd
Mr. Leng Chandara	Admin and HR Manager	Evergreen Knitting Co Ltd
Ms. Sarah Hopkins	Representative	H & M Brand
Ms. Sandra Cho	Regional Director SE Asia	Nike
Mr. Charatana Som	Manager, Global	GAP
Mr. Men Nimmith	Executive Director	Arbitration Council
Ms. Ann Vireak	Manager	Arbitration Council
Dr. Chuon Momthol	President	CCTU / BFC PAC
Mr. Ath Thon	President	CLC/CCAWDU / BFC PAC
Mr. Ngoun He	President	CWLFU
Mr. Kim Kheoun	General Secretary	CWLFU
Mr. Heng Bunchhun	President	CUNIC
Mr. Neang Sangha	President	WUTU
Mr. Nieng Sanghay	President	CWUTUF
Mr. Nai Sokveasna	President	FUS
Mr. Soy Seiha	President	CCTU/FSLC
Mr. Mann Senghak	Vice President	FTUWKC

Mr. Sieng Sambath	President	WFUF
Mr. Liv Tharin	President	IDYTU
Mr. Puth Sovann	President	TUFW
Mr. Pao Sina	President	CUMW
Mr. Chhorvirith Theng	Policy Advisor	BMZ/GIZ
Dr. Sina Sok	Policy Advisor	BMZ/GIZ
Mr. William Conklin	Country Director	Solidarity Center
Mr. Jan Noorlander	Assistant Country Director	CARE
Mr. Hans S. Hwang	Senior Director	SOK Xing & Hwang
Mr. Lor Sok	Managing Director	SOK Xing & Hwang
Mr. Tun Sophorn	National Project Coordinator	ILO JPO
Ms. Esther Germans	Chief Technical Advisor	ILO BFC Cambodia
Ms. Sarah Park	Gender Specialist	ILO BFC Cambodia
Ms. Khut Chhornsocheata	Enterprise Advisor/ Training & Advisory	ILO BFC Cambodia
Mr. Dara	Compliance Assessment	ILO BFC Cambodia
Mr. Narith	Team Leader	ILO BFC Cambodia
Mr. Sophal	Admin & HR & Security	ILO BFC Cambodia
Mr. Sok Heng Ros	Programme Director (Chief)	Better Work Global
Mr. Dan Rees	Global Operations Manager	Better Work Global
Mr. Conor Boyle	Head, Partnerships/ Comms	Better Work Global
Ms. Roopa Nair	Head of Quality and Services	Better Work / Bangkok
Mr. Tuomo Poutiainen	Technical Officer	Better Work /Bangkok
Mr. Kesava Kanapathy	Programme Officer	Better Work/ Bangkok
Ms. Inthira Tirangkura	Senior Gender & Non- Discrimination Specialist	ILO ROAP/DWT, Bangkok
Ms. Joni Simpson,	Senior Inspection Specialist	ILO ROAP/DWT, Bangkok
Mr. Rene Robert	Worker Specialist, ACTRAV	ILO ROAP/DWT, Bangkok
Mr. Arun Kumar		

## ANALYTICAL FRAMEWORK FOR MID-TERM EVALUATION

### 1. Core questions underpinning all aspects of the evaluation

The following underpinning questions are adapted from those set out in the ToR for this mid-term evaluation, taking into account the overview, analysis of key issues and tentative findings in the Inception Report.

Core evaluation questions	Means of examination/verification
<p>Are the interaction and delineation of roles/responsibilities between BFC and Decent Work Country Programme (DWCP), and other relevant ILO projects and ILO specialists, clear and effective in achieving the influencing agenda goals of the programme?</p>	<p>Mapping of congruence of DWCP and BFC outcomes, indicators and targets.</p> <p>Interview with ILO National Coordinator</p> <p>Interviews with BFC CTA and other selected staff</p> <p>Interviews with core stakeholders (on awareness of wider DWCP and where the BFC fits within it)</p> <p>Interviews with ILO specialists and BWG staff at the ILO Regional Office and Global HQ</p> <p>Review of BFC reports, internal planning and monitoring documents, and previous evaluations, reviews and studies (refer Annex 1)</p>
<p>What are the possible changes in BFC programme strategy or implementation that are needed in order to achieve BFC objectives (i) in the current phase and (ii) in the longer term (after 2018)?</p>	<p>Interviews with core stakeholders</p> <p>Interviews with other selected current and emerging stakeholders (buyer representatives, ODA/bilateral representatives, UN Women, UNDP, EU and NGOs including CARE and Solidarity Centre)</p> <p>Interview with ILO National Coordinator</p> <p>Interviews with BFC CTA and other selected staff</p> <p>Interviews with ILO specialists and BWG staff at the ILO Regional Office and Global HQ</p> <p>Interviews with local consultancy company contracted to consider long-term sustainability options, respective MOLVT and BRC roles and responsibilities, legal implications and risks</p> <p>Review of BFC reports, internal planning and monitoring documents (including budgetary documentation and projections for 2018), and previous evaluations, reviews and studies (refer Annex 1)</p>
<p>Are core programme partners (government, employers and unions) committed to BFC objectives and able to fulfil the roles expected in the programme strategy? What is the state of</p>	<p>Interviews with Project Advisory Committee (PAC) members (covers all core stakeholders)</p> <p>Wider focus group discussion with members of BFC trade union contact group</p>

<p>current BFC/core stakeholder relations, what challenges/obstacles need to be addressed, including with respect to capacity gaps and needs?</p>	<p>Interview with ILO National Coordinator</p> <p>Interviews with BFC CTA and other selected staff</p> <p>Interviews with ILO specialists and BWG staff at the ILO Regional Office and Global HQ</p> <p>Review of BFC reports, internal documents and previous evaluations , reviews and studies (refer Annex 1)</p>
<p>Is there a need to reallocate resources or adjust activities in order to achieve the BFC's immediate objectives? Are resources sufficient for the remaining project period?</p>	<p>Review of BFC internal planning, monitoring and budgetary documents</p> <p>Interview with CTA</p> <p>Interviews with BWG staff at the ILO Regional Office and Global HQ</p>
<p>What are the gender issues that the programme needs to be addressing (i) for the remainder of the current phase and (ii) in the next phase? What progress has been made to date in this regard? What lessons have been learnt? How is the gender dimension of the programme viewed by stakeholders (core and emerging)? What particular opportunities and challenges exist in this context?</p>	<p>Interviews with all stakeholders , including those engaged specifically with BFC on the gender-related aspects of the programme (UN Women, CARE and the Solidarity Centre)</p> <p>Interviews with potential new BFC partners with a particular focus on the gender-related aspects of the programme (Ministry of Women's Affairs, UNDP, Workers Information Centre)</p> <p>Interviews with BFC CTA</p> <p>Interviews with ILO Regional Gender and Non-Discrimination Specialist, other specialists and BWG staff at the ILO Regional Office</p> <p>Review of BFC Gender Strategy, BFC report on status of women workers in the garment sector (2018), internal planning and monitoring documents, and previous evaluations, reviews and studies (refer Annex 1)</p>
<p>How effectively has the project leveraged resources (e.g., by collaborating with non-BW initiatives and other ILO initiatives)?</p>	<p>Mapping of existing and emerging stakeholder relations and their specific added-value to (i) implementation of the BFC strategy and (ii) the DWCP</p> <p>Interview with ILO National Coordinator</p> <p>Interview with BFC CTA</p> <p>Interviews with other agencies/ initiatives active in the same sphere (selected buyers, UN Women, UNDP, CARE, EU, embassies of USA, Sweden, Australia)</p> <p>Interviews with ILO specialists and BWG staff at the ILO Regional Office and Global HQ)</p> <p>Review of BFC reports, internal documents and previous evaluations , reviews and studies (refer Annex 1)</p>

## 2 Specific evaluation questions for stakeholder consultations

The following questions for stakeholder consultations are adapted from the ToR for the evaluation. They further draw on the preceding overview, analysis of previous evaluation findings and current tentative findings. For continuity purposes, they also take account of the core questions underpinning earlier stakeholder consultations for the development of the current programme strategy 2016-2018.

Questions will be adapted and followed-through in light of the nature and focus of the discussion, and the participants involved.

In all question areas, stakeholder feedback (external and internal) will be triangulated with (i) information and data provided by international BFC and other ILO documentation; (ii) relevant studies/research, including the Tufts University impact assessment at global and Cambodia levels and (iii) previous BFC/BW evaluations and reviews

Core assessment criteria	Basis of assessment	Key questions for stakeholder consultations
<b>Relevance</b>	Evidence and qualitative feedback provided by stakeholders on programme relevance in (i) the current Cambodian context (ii) the projected future context and (iii) the context of their own needs	<ul style="list-style-type: none"> <li>• Are the <b>strategy and approach</b> of the BFC still relevant to (i) Cambodia’s national policy/legislative/strategic and planning framework, including the national gender strategic plan (2014-2018); (ii) the future of the Cambodian garment industry and (iii) your needs?</li> <li>• Have <b>your needs</b> changed since the beginning of the current programme phase in ways that affect its relevance?</li> </ul>
<b>Project effectiveness &amp; effectiveness of management arrangements</b>	Evidence and qualitative feedback provided by stakeholders on (i) achievements and challenges of BFC performance in current phase from their perspective; (ii) current status, quality and areas for improvement in relationships with BFC; (iii) attention by BFC to gender issues in garment sector and more broadly and (iv) awareness of BFC research, gender strategy and evaluations – and of the use of these.	<ul style="list-style-type: none"> <li>• What <b>major achievements</b> do you see for the BFC in the last two years? Is the BFC likely to achieve its planned objectives at the end of the programme?</li> <li>• Have you seen improvements in <b>tripartite or bipartite social dialogue</b> in Cambodia as a result of BFC activity – at both national and factory levels?</li> <li>• To what extent has the programme (i) addressed <b>gender issues</b> in the garment sector and (i) contributed towards greater gender equality? ? Are you aware of the BFC Gender Strategy and upcoming report on gender-related issues and the status of women in the garment sector? If so, what is your assessment of their relevance and added-value?</li> <li>• What <b>challenges</b> has the BFC had to address in the last two years? How successfully has the BFC addressed these?</li> <li>• Does BFC have <b>limitations</b> on what it can do? What can BFC do to address these?</li> <li>• What are the <b>strongest aspects of the way in which BFC works with you</b>? Are there challenges that need to be addressed in your relations with BFC? Are there lessons that can be learnt from your BFC partnership experience that can help make relationships stronger in the future?</li> <li>• Are there <b>other stakeholders</b> who should be engaged in the work of BFC?</li> <li>• How can BFC further support <b>your role within the programme</b> – at both policy and factory levels?</li> </ul>



		<ul style="list-style-type: none"> <li>• What is your assessment of the effectiveness of the <b>Project Advisory Committee</b>? Are there ways in which the role and impact of the PAC can be strengthened?</li> <li>• (For union stakeholders) What is your assessment of the value of the <b>trade union contact group</b>? What can be done to improve its roles and effectiveness? To what degree have workers participated in PICC (or equivalent workers-management structures at the factory level) formation and implementation process? What are the challenges to worker participation at this level (including in training) and how might they be overcome as the project transitions into its next phase?</li> <li>• How important do you see <b>gender considerations</b> as being within the work of the BFC ? What specific gender issues in the garment sector stand out for you as requiring greater attention from BFC</li> <li>• There have been a number of recommendations from recent <b>evaluation(s) of the BFC</b>. Are you familiar with these? If so, to what extent and in what ways have you seen the programme follow-up on these recommendations?</li> <li>• BFC has carried out a lot of <b>research</b> in recent years – for example on the competitiveness of the garment industry in Cambodia, on BFC’s own impact and on gender issues. Are you aware of this work? Do you think BFC uses such research effectively to (i) improve conditions in the Cambodian garment industry, (ii) support the future of the industry and (iii) support Cambodia in meeting its long-term development objectives?</li> </ul>
<p><i>Note: The first 3 questions under this criteria are more relevant to members of the PC; BFC CTA and staff; ILO financial officers in Bangkok ROAP/CO; and BW Bangkok and HQ staff</i></p> <p><i>The last question is relevant to the ILO National Coordinator stakeholders more generally and ILO specialist and BW staff</i></p>	<p>Evidence and qualitative feedback provided by relevant stakeholders on efficiency of use of BFC resources (human and financial) to achieve programme outcomes and outputs. To be triangulated with BFC budget for 2018 and expenditure records to date.</p>	<ul style="list-style-type: none"> <li>• From your experience, are agreed BFC commitments delivered in a <b>timely manner</b>? Are resources strategically and well spent, including with respect to the gender dimensions of the programme? If not, what are the issues that need to be addressed?</li> <li>• How effectively have <b>gender considerations</b> been integrated into BFC programme planning, budgeting and implementation? What costs and benefits are evident in this respect in BFC programme delivery?</li> <li>• Do you see a need to <b>reallocate resources or adjust activities</b> in order to achieve BFC’s objectives in this phase of the programme (through to end of 2018), including with respect to (i) addressing gender issues in the garment sector, improving the gender-related capacities of BFC and (iii) contributing to implementation of Cambodia’s national gender strategic plan?</li> <li>• How effectively has the project <b>leveraged resources</b> (e.g., by collaborating with other relevant projects/initiatives)?</li> </ul>

<p><b>Impact orientation and sustainability</b></p>	<p>Evidence and qualitative feedback by on impact of programme to date (over 17 years, with particular focus on last 2 years). To be triangulated to degree possible with global BW impact assessment findings (Note: Cambodian impact assessment due for completion by end of 2018, with baseline having been completed to date).</p> <p>Evidence and qualitative feedback on sustainability of programme, including (i) BFC/BW's cost recovery model and how it is working in practice and is perceived and (ii) views on options to ensure the sustainability of programme outcomes and impact, and the (and the rationales and implications of these)</p>	<ul style="list-style-type: none"> <li>• What are the most important <b>opportunities and challenges</b> that you foresee for the Cambodian garment industry (employers and workers) in the next (i) 5 years and (ii) 10 years?</li> <li>• In this context, what would constitute <b>success of BFC</b> for you in (i) 5 years and (ii) 10 years? (prompt around national policy, ownership, organizational form and resourcing to draw out stakeholder expectations, including on exit strategy).</li> <li>• What can the BFC do to support <b>Cambodian stakeholders</b> to take advantage of the opportunities and address the challenges?</li> <li>• What are the key <b>elements/approaches that BFC</b> has developed that need to be sustained beyond the life of the programme?</li> <li>• What challenges do you see for the <b>long-term sustainability</b> of the BFC's work? What solutions would you propose – policy, institutional, resourcing?</li> <li>• What is your view of the <b>cost recovery model</b> applied by BFC/BW for the delivery of services? Do you find it effective? What are its implications in terms of costs to employers? Are there better alternatives?</li> <li>• What opportunities, challenges and lessons do you see with respect to strengthening attention to <b>gender issues</b> in the next phase of the programme? What practical initiatives/activities would make the greatest difference in terms of (i) addressing the rights and improving the status of women in the garment sector and (ii) contributing to the implementation more broadly of Cambodia's national gender strategic plan?</li> <li>• Thinking ahead for the programme, are there <b>environmental issues</b> that you think need to be included in its next strategy?</li> </ul>
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## EVALUATION WORK PLAN

Activity	Responsibility	Dates	Duration
Desk review, initial briefing with evaluation manager, internal briefings with CTA, development of draft inception report	Lead evaluator	Draft inception report submitted to Evaluation Manager by 9 March 2018	7 working days
Field meetings with stakeholders, stakeholder feedback/validation meeting, debriefing with CTA/BFC team	Evaluation team, with support of BFC office to set up field programme	Conducted in Phnom Penh 12 – 22 April 2018	10 working days
Prepare draft report	Evaluation team	Submitted to Evaluation Manager by 1 May 2018	8 working days
Share draft report with key stakeholders for comment	Evaluation Manager	Comments consolidated and send to evaluation team by 23 May 2018	
Validation meeting with BFC Project Advisory Committee (PAC)	International evaluator	18 May	1 day
Finalize report taking into account the consolidated comments	International evaluator	Submit revised draft to Evaluation Manager by 31 May 2018	5 working days

## TERMS OF REFERENCE FOR MID-TERM EVALUATION

### I. BACKGROUND AND JUSTIFICATION

#### *Global Better Work Programme*

The Better Work (BW) programme is a joint initiative of the International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group. The programme initially launched as Better Factories Cambodia in 2003 and later scaled to a global programme called Better Work in 2007- works to improve working conditions and promote competitiveness in global garment supply chains. It is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers, and boost the competitiveness of apparel businesses.

Global supply chains are complex, diverse and fragmented. They have contributed to economic growth, job creation, poverty reduction and entrepreneurship and can contribute to a transition from the informal to formal economy. They can be an engine of development by promoting technology transfer, adopting new production practices and moving into higher value-added activities, which would enhance skills development, productivity and competitiveness. At the same time, failures at all level within global supply chains have contributed to decent work deficits for working conditions such as in the areas of occupational safety and health, wages, working time, and which impact on the employment relationship and the protections it can offer. Such failures have also contributed to the undermining of labour rights, particularly freedom of association and collective bargaining. Informality, non-standard forms of employment and the use of intermediaries are common. The presence of child labour and forced labour in some global supply chains is acute in the lower segments of the chain. Migrant workers and homeworkers and found in many global supply chains and may face various forms of discrimination and limited or no legal protection<sup>1</sup>.

With its mandate, experience and expertise in the world of work, its normative approach to development and its tripartite structure, the ILO is uniquely positioned to address governance gaps in global supply chains so that they can fulfil their potential as ladders for development<sup>2</sup>.

Given the uniqueness of the garment sector, the Better Work programme focuses at this point *specifically* on the **garment supply chain**<sup>3</sup>, working with workers and managers from RMG (ready-made garment / cut-make-trim) factories; global brands; and tripartite constituents like trade unions, garment sector employers' associations, global brands, and the government. The BW programme is currently active in Cambodia, Indonesia, Vietnam, Haiti, Jordan, Nicaragua, and Bangladesh, targeting globally 1.9 million workers from 1,900 factories.

The Better Work Global (BWG) Programme just completed its third funding phase (2012-2017) at the end of June 2017 and a programme final evaluation is underway. The main emphasis of the third phase was to achieve direct impact through its own programmes in the garment sector, and wider, indirect impact through its influence, knowledge sharing, and partnerships. The ultimate goal was to reach the required scale that will trigger or contribute to behavioural change in the garment industry and beyond, where compliance becomes the norm. By June 2017, BWG expanded its services to 1,486 factories currently employing approximately 2 million workers. Better Work estimates to have impacted at least 3 million workers and millions more of their family members.

<sup>1</sup> 105<sup>th</sup> Session International Labour Conference. Report of Committee on Decent Work in Global Supply Chains: Resolution and conclusions submitted for adoption by the Conference.

<sup>2</sup> *ibid*

<sup>3</sup> Recently, BW has ventured into footwear supply chains given the strong similarities and overlap with the garment sector.

The Better Work Global (BWG) Programme is now entering its fourth funding phase (2017-2022). During this new phase, Better Work will leverage existing and new partnerships to expand its impact from 3 to 8 million workers and to 21 million family members. In addition, ILO and BWG will support garment producing countries to strengthen the policy and enabling environment for decent work and competitiveness to drive positive outcomes on a much larger scale. This will be achieved through two areas of intervention, i.e. influencing business practices in the global supply chain and strengthening the enabling environment for decent work by strengthening public institutions and advancing policies at the national level.

#### *Background of Better Factories Cambodia Programme*

The Better Factories Cambodia (BFC) programme started operating in Cambodia in 2001. It was linked to an innovative trade agreement between the Royal Government of Cambodia (RGC) and the United States (USA). The U.S.–Cambodia Bilateral Textile Agreement, initially covering 2000 and 2001 and later extended until 2004, provided an incentive to increase the quota for Cambodian garment export to the US linked to ongoing improvements in labour conditions in garment factories.

BFC was a result of a request for the ILO to verify and monitor compliance with international labour standards and national labour law in the garment exporting factories. In response, the ILO developed BFC and started assessing working conditions in garment factories. The programme was initially voluntary but the RGC soon made these assessments mandatory for all garment exporting factories and this, in combination with BFC's aggregated public reports on compliance levels, created a strong push for factories to improve their working conditions.

Although the quota incentive ended with the expiration of the Multi Fibre Agreement in 2004, the government asked the ILO to continue to assess compliance with labour law of all exporting factories to demonstrate and realise the country's commitment to uphold the reputation of its garment industry as an ethical sourcing destination. Since then, BFC has remained mandatory for all garment exporting factories under government regulation (PRAKAS).

Since its start, BFC has been very important to the country considering the relevance of the garment industry for export earnings and job creation, but also for addressing problems around working conditions as described earlier. To have more impact on improved working conditions, BFC has put a lot of emphasis in offering support to factories on their improvement processes, to complement its monitoring activities. The programme started to provide training at factories on specific workplace issues, such as Human Resources Management, Occupational Health and Safety, productivity and also training of workers and managers to jointly improve working conditions, such as training on workers' rights and responsibilities, negotiation skills for managers and workers, and workplace cooperation.

Later, the programme has also started delivering factory specific advisory services aimed at creating sustainable bipartite committees responsible for improving working conditions at the factory floor. In those factories that receive advisory services, BFC helps set up bipartite committees where they do not exist and then supports these committees to start tackling the root causes of non-compliance. Both training and advisory have been important complementary services to BFC's assessments and have helped to drive more change at the factory level.

The strategic phase 2016 – 2018 is aimed to contribute to improving lives of at least 500,000 workers, their families, communities and competitiveness in the Cambodian garment and footwear factories. This phase puts particular interest in working jointly with the government to strengthen their capacity for upholding labour standards in the industry on the long term, support industry partners in creating a vision for the industry that combines both competitiveness and business strength as well as respect for labour standards and create stronger partnerships to build capacity for dialogue and grievance resolution at the factory level.

At the end of the project phase, BFC expects to achieve the following outcomes:

**Outcome 1:** Cambodian exporting factories in the garment and footwear sector will have strengthened their capacity to improve and uphold compliance with the labour law.

**Outcome 2:** BFC will have strengthened its engagement with the Cambodian government to improve their capacity to identify, non-compliance issues, strengthen enforcement, and uphold labour standards.

**Outcome 3:** BFC will have strengthened its engagement and partnerships with key stakeholders for increased influence and impact on working conditions in factories and the systemic issues in the sector as a whole.

**Outcome 4:** BFC will have used its experience and data to inform and influence practices and policies related to responsible business practices in the industry.

**Outcome 5:** BFC will have strengthened its governance and management for increased sustainability.

Project achieved results as per project reporting can be found at Annex 1.

### Background to the mid-term evaluation

ILO considers evaluation as an integral part of the implementation of technical cooperation activities. Provisions are made in all projects in accordance with ILO evaluation policy and based on the nature of the project and the specific requirements agreed upon at the time of the project design and during the project as per established procedures. This midterm independent evaluation is managed by Regional Monitoring and Evaluation Officer based at ILO Regional Office for Asia and the Pacific.

This evaluation follows a cluster approach following BW programme approach of implementing one programme with several sources of funds. As such the various projects from three donors are considered as one in term of this evaluation.

Several research studies related to the impact of BFC have taken place over the years. This includes the impact of transparent reporting and the impact of improved working conditions and firm resilience during the 2010 economic crisis. The BFC supervisory skills training have also been part of a larger impact study done by Tufts University and the programme is currently doing a study to measure the impact of its services on working conditions, firm performance, worker wellbeing and the families and communities. The baseline survey was finalised in December 2016 and the end-line survey is expected to be done by July 2018. This study is part of the Better Work Global's larger impact strategy and carried out by Tufts University.

BFC has been part of previous mid-term and final evaluations, and impact assessments. The most recent relevant evaluations that BFC have been part of includes:

	Type of evaluation/project code	Note/ Link to the evaluation report
Better Factories Cambodia – Midterm cluster evaluation (2013)	Independent evaluation CMB/12/02/USA; CMB/11/50/USA; CMB/00/51/CMB; CMB/00/52/CMB; CMB/05/04/CMB; CMB/05/50/USA; CMB/06/02/IDA; CMB/08/01/NZE; CMB/09/03/UND; GLO/08/52/NET; CMB/06/03/MUL; CMB/10/50/MUL	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>
Lessons and ways forward:	Internal evaluation	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>

	Type of evaluation/project code	Note/ Link to the evaluation report
Labour Standard in the Global Supply Chains: A programme of Action for Asia and the garment sector (2016)	(RAS/14/03/FRG)	
Better Factories Cambodia Phase II - Final Evaluation- December (2015)	Independent evaluation CMB/13/02/MUL, CMB/12/51/CMB, CMB/12/52/CMB	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>
Longitudinal Impact Assessment ending 2016 which included yearly data collection over the past six years.	Impact assessment study	<a href="https://betterwork.org/dev/wp-content/uploads/2016/09/BW-Progress-and-Potential_Web-final.pdf">https://betterwork.org/dev/wp-content/uploads/2016/09/BW-Progress-and-Potential_Web-final.pdf</a>
BFC also completed impact assessment data collection in respect of 29 factories in June 2017	Impact assessment	Report to be available.
Better Work Stage III – US Council Foundation Final evaluation (2016)	Independent evaluation	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>
ILO/IFC Better Work Global Programme – Interim evaluation (2012)	Independent evaluation (GLO/10/24/NET)	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>
Better Work Global – midterm (2014)	Internal report (GLO/08/07/MUL)	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>
Better Work Global Programme Phase III - mid-term evaluation (2015)	Independent evaluation	<a href="http://www.ilo.org/ievaldiscovery">http://www.ilo.org/ievaldiscovery</a>
Better Work Global Programme Phase III – Final evaluation (2017)	Independent evaluation	On-going and draft report is to be available

Given the breadth of recent evaluations and data collected on efficiency, effectiveness and relevance of the programme (with a focus on core services and gender equality), the evaluation should avoid duplication of data collection and analysis and use these evaluations as a reference ensuring that the focus and recommendations given are unique.

The evaluation will focus on BFC's work with stakeholders (outcomes 2, 3, and 4) but as a mandatory independent midterm evaluation, all outcomes also need to be covered but more emphasis will be on strengthening its stakeholder engagement in light of the future of the garment sector and the role that the BFC can play on this. Considering the importance of this component in the current strategy, the midterm evaluation is a unique opportunity to measure progress made, receive stakeholders' perspectives and identify ways to further strengthen BFC's work on this.

The present Terms of Reference are based on inputs from key stakeholders received in the consultation process and on standard issues to be covered by a mid-term evaluation, taking into consideration the results of the impact assessment, any other reviews or relevant donor required evaluations and the ILO evaluations of each project up until this point.

The evaluation will comply with UN Norms and Standards. UN Evaluation Group (UNEG) ethical guidelines will be followed.

## II.

## SCOPE AND PURPOSE

This mid-term evaluation (MTE) purpose will be for programme improvement and accountability. It will focus on **BFC's engagement with stakeholders in Cambodia as a key aspect of BFC's sustainability strategy**. It will consist of: i) a literature review of available documents, especially recent evaluations, to reduce repeated stakeholder consultation on the same topics, particularly factory-facing services which has been the main focus of numerous previous evaluations and reviews; and ii) a series of meetings with each of BFC's stakeholder groups, namely the government, employers' and workers' organizations, buyers and potentially development partners; iii) final stakeholders workshop and iv) follow-up meeting with BW team, ILO and IFC.

The MTE reviews the available information and evidence, complement it with individual stakeholder's interviews and then brings it together in the presentation and discussions with main stakeholders for further examining and assessment. It seeks the views of the main stakeholders to examine and assess the areas identified in this ToR. The evaluation team will present initial findings and questions to be addressed further in the stakeholders workshop, then updates these based on the stakeholders' inputs and present these in the report, complemented with own observations, if any, from the team. If it is agreed that changes are required to the strategy or to the implementation process and timetable based on the review of experience to date, these revised strategies and schedules should be based on a common understanding among the stakeholders of the way forward.

The results will be used by national stakeholders and Better Work to adjust strategies of the project as per findings. Although BFC is entering its final year (2018) of the current phase, it is expected that the programme will continue and that the results of this MTE can also be taken into account going forward.

## III. SUGGESTED ASPECTS TO BE ADDRESSED

Through the consultation process with key stakeholders and based on prior analysis, suggested aspects for the evaluation to consider have been identified and are presented in **Annex 2**. Other aspects can be added as identified by the independent evaluator in accordance with given purpose and in consultation with Evaluation Manager, and with consideration of the objective of limiting duplication of previous recent evaluations and stakeholder consults.

Key questions are as follows:-

- Is the interaction and roles/responsibilities between BFCW and Decent Work Country Programme (DWCP) Cambodia and other relevant ILO projects and ILO specialists clear and effective in achieving the influencing agenda goals of the program?
- What are the possible changes in BFC project strategy or implementation that are needed in order to achieve the BFC project objectives;
- Are project partners (government, industry, etc.) interested and able to fulfil the roles expected in the project strategy? Are there any capacity challenges? (\*see below for more specifics on this)
- Is there a need to reallocate resources or adjust activities in order to achieve its immediate objectives? Are resources sufficient for the remaining project period?
- What are the current challenges that the project is facing in the implementation of the project and what efforts are made to overcome these challenges?
- How effectively has the project leveraged resources (e.g., by collaborating with non-BW initiatives and other projects)?



#### IV. EXPECTED OUTPUTS OF MID-TERM EVALUATION

The evaluation team will produce an inception report which will include a background based on initial desk review of previous evaluations, impact assessment findings, and other reviews or findings on the projects.

The evaluation team will facilitate a series of meetings with key stakeholders to get their views and feedback on BW engagement with them (focusing on the policy work/influencing agenda). Given electoral year in Cambodia, key stakeholders may not be easily available and therefore enough time has to be dedicated to these stakeholder consultation phase.

At the end of the evaluation field work, a national stakeholder workshop will be carried out for the evaluation team to present the preliminary findings to all key stakeholders for verification and further clarification etc. the view of stakeholders will be taken into consideration by the evaluation team to prepare an evaluation report. The draft report will take into consideration the initial findings and the outcome of the stakeholder discussions.

The report should not exceed 25 pages in length (excluding annexes). The structure of the report should follow ILO EVAL's Checklist 5: Preparing the evaluation report could follow the following out- line:

- a. Executive Summary with key findings, methodology, conclusions and recommendations (following standard format (ILO evaluation summary template)
- b. Background (including description of the project and review methodology)
- c. Methodology (including limitations)
- d. Main findings (including assessment of cross-cutting issues e.g. gender, ILS, social dialogue)
- e. Conclusions
- f. Good practices and lessons learned
- g. Recommendations
- h. Appropriate annexes including TOR, schedule of interviews and workshops and list of people interviewed
- i. Upon finalization of the overall evaluation report, the evaluator will be responsible for writing a brief evaluation summary (ILO standard format) which will be posted on the ILO's website. This report should be prepared following the guidelines included in Annex and submitted to the evaluation manager

The report should also, as appropriate, include specific and detailed recommendations by the evaluator based on the analysis of information obtained. All recommendations should be addressed specifically to the organization/institution responsible for implementing it.

The report should also include a specific section on lessons learned and good practices from that aspect of the project that the evaluation is focusing on, either that could be replicated or those that should be avoided. All draft and final outputs, including supporting documents, analytical reports and raw data should be provided in electronic version compatible with WORD for Windows. Ownership of data from the evaluation rests jointly with ILO and the consultants. The copyright of the report will rest exclusively with the ILO. Use of the data for publication and other presentations can only be made with the written agreement of ILO. Key stakeholders can make appropriate use of the report in line with the original purpose and with appropriate acknowledgement.

The following is the suggested methodology for the mid-term evaluation. The methodology can be adjusted by the evaluation team if considered necessary and is in accordance with the scope and purpose of the evaluation. This should be done in consultation with the Evaluation Manager.

The evaluation should be carried out in adherence with the relevant parts of the ILO Evaluation Framework and Strategy; ILO policy guidelines for evaluation: Principles, rationale, planning and management for evaluations (3rd ed. August 2017) [http://www.ilo.ch/eval/Evaluationpolicy/WCMS\\_571339/lang--en/index.htm](http://www.ilo.ch/eval/Evaluationpolicy/WCMS_571339/lang--en/index.htm)

The UN Evaluation Group Norms and Standards, Ethical Guidelines, Code of Conduct; and the OECD/DAC Evaluation Quality Standard will be followed by this evaluation.

The gender dimension should be considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. In terms of this evaluation, this implies involving both men and women in the consultation, evaluation analysis and evaluation team. Moreover the evaluators should review data and information that is disaggregated by sex and gender and assess the relevance and effectiveness of gender-related strategies and outcomes to improve lives of women and men. All this information should be accurately included in the inception report and evaluation report.

Gender concerns should be addressed in accordance with ILO Guidance note 4: "Considering gender in the monitoring and evaluation of projects"<sup>4</sup>. All data should be sex-disaggregated and different needs of women and men and of marginalized groups targeted by the programme should be considered throughout the review process.

The field work will be focused on meetings and interviews with key stakeholders, optimizing the use of pre-existing data and information available in the recent evaluations and other research studies such as the Impact assessment

The evaluation team will present their initial findings at the final stakeholders' workshop. This will allow the team to verify the key findings and to gather further inputs from key stakeholders and if any to clarify any other questions with the key stakeholders.

**The following elements are the proposed methodology:**

Document Review

The evaluation team will review the project document, work plans, project monitoring plans, progress reports, previous evaluations completed by ILO and donors, government documents, meeting minutes, policy frameworks, draft regulations or laws that relate to the influencing agenda aspects of the project, and other documents that were produced through the project or by relevant stakeholders. In addition, the evaluator will conduct electronic or telephone interviews with BFC and BWG (as per a list of key stakeholders) and respecting the attempt to reduce duplication of consultation on issues that were recently evaluated.

Based on the areas listed under the section scope and purpose the list of suggested aspects in Annex 2 the document review, the briefings and interviews, the evaluation team will identify key issues for discussion during the stakeholder consultation meetings.

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<sup>4</sup> [http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165986/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165986/lang--en/index.htm)

## I. Background Report

An Inception/ background report will be prepared by the evaluation team. The content of the Background Report will include:

- Drafting of a summary report compiling previous evaluation, impact assessment and other findings on the projects as relevant to the focus of the MTE (work with stakeholders)
- Summary of the key findings based on the purpose of the review, the suggested aspects to address and the initial scoping by the evaluator
- Questions and issues identified for discussion at the focus group meeting\_

## II. Stakeholder Focus Groups/Meetings and a Tripartite/ key stakeholders workshop

The evaluation team will first complete relevant consultations with internal BW stakeholders such as the CTA, project staff, and BWG staff and those in the list of key stakeholders. If the evaluator wishes to speak with other stakeholders beyond the list such as donors, buyer representatives, this can be discussed with Evaluation Manager.

The evaluation team will organize various meetings with key local tripartite stakeholders to get their views and feedback on Better Work's engagement with them. This will include one or more meetings divided per stakeholder group with government representatives, workers or employers' associations, and implementing partners. The evaluator will work together with project management to ensure that the participants who can provide information to answer the questions are invited to the focus group meeting or, if availability does not allow, that separate meetings are organized. Ideally, these meetings are spread over several weeks in order to ensure that all key stakeholders can take part in the process, which is particularly important in the context of the upcoming election year. Based on these meetings and the document review, the consultant will build an initial set of conclusions and possible recommendations for next steps.

One final stakeholder's workshop with all stakeholders will take place at the end of the fieldwork period.

## III. Follow-up Meeting with Better Work, ILO and IFC staff

Half day follow-up meeting with internal key stakeholders with decision-making authority regarding strategy, work plans, budgets, and similar. This will focus on the findings from the meetings and general conclusions, and open the table to discussions on possible recommendations. Any proposed adjustments in strategy establish the possible changes in project components, work plans, project monitoring plans, and other documents as appropriate. The participants of this meeting will be:

- BFC CTA and decision makers
- Project staff as appropriate
- Representatives from BWG as required

A more detailed list of participants for the focus group meeting as well as for the follow-up meeting will be finalized with consultation between the Evaluation Manager and the CTA.

## IV. Evaluation Report

Based on the background report and the inputs from the key stakeholders' discussions during the focus groups and follow-up meetings, the evaluator will draft the mid-term evaluation report. The draft report will be sent to Evaluation Manager. Evaluation Manager will share the report with key stakeholders for their inputs/comments to the report. Evaluation Manager will consolidate the comments including methodological comments from all concerned and will forward them to the consultant for consideration in finalizing the report

The consultant will finalize the report, taking into consideration the stakeholder comments.

The report should be sent as one complete document and the file size should not exceed 3 mega- bytes. Photos, if appropriate to be included, should be inserted using lower resolution to keep overall file size low.

### Profile of the Mid-Term Evaluation team

The evaluation will be carried out by an evaluator or a team of evaluation consultants who should have the followings qualification and experience:

1. Not having work with the programme directly from the period under evaluation
2. Knowledge and at least 7-year experience in conducting programme/project evaluation
3. Understanding Cambodian tripartite constituents and solid understanding of the tripartite relations in Cambodia;
4. Understanding Cambodian employment market realities and institutions will be an asset;
5. Extensive experience in multi partite consultation process;
6. Understanding the challenges and uniqueness of the garment sector will be an asset;
7. Understanding the structure, actors and labour issues in the Cambodian garment sector will be an advantage;
8. Experience with (labour and employment) policy design and policy making;
9. Ability to speak Khmer language is an asset.
10. Familiarity with Better Work Programme is an advantage.

The following is the proposed timetable for the Mid-Term Evaluation exercise:

The duration of the midterm evaluation is expected to be from early February to the mid-April 2018.

Activity	Responsibility	Dates	Duration
Prepare Draft ToR and share with key stakeholders	Evaluation Manager in consultation with key stakeholders	27 November - December 2017	
Finalise the TOR/Approved Final ToR	Evaluation Manager/EVAL	By mid Jan 2018	
Call for Expression of Interest on the evaluation team	Evaluation Manager	Jan 2018	
Selection of the evaluation team	Evaluation Manager	Jan 30, 2018	
Issuing contract to evaluation team	BFC	By 9 February 2018	
Desk review, initial briefing with evaluation manager, internal briefings with the CTA, development of a draft inception report with background paper and agenda for the meeting	Evaluation team	A draft inception/ background report to be submitted to Evaluation Manager by 19 Feb. 2018	10 working days
Meetings with key stakeholders, facilitate stakeholder focus group meeting, debriefing.	Evaluation team (in consultation with the project)		8 working days (spread over 4 weeks)
Prepare draft report	Evaluation team	To be submitted	8 working

Activity	Responsibility	Dates	Duration
		to Evaluation Manager by 23 March 2018	days
Sharing draft report to key stakeholders for comments  Consolidate comments from key stakeholders and send to the evaluation team	Evaluation Manager	26 Mar – 4 April 2018  9 April 2018	
Finalize report taking into views the consolidated com- ments	Evaluation team	To submit the revised draft to Evaluation Manager by 12 April 2018	2 working days
Submission of evaluation re- port to EVAL for approval	Evaluation Manager	April 16, 2018	
Approval of the report	EVAL	End of April , 2018	

The consultant will submit a draft report to Evaluation Manager who will forward a copy to key stake- holders for comments on factual issues and for clarifications

Evaluation Manager will consolidate the comments and send them to the evaluation team by date agreed.

The final report is submitted to Evaluation Manager who will then submit it to Evaluation Office for the final approval. Once the report is finally approved by EVAL, it will be shared with the stakeholders, including the donor.

### Sources of Information and Consultations/Meeting

#### Sources of Information

Available in project office and to be supplied by project management	Previous evaluations Impact Assessment results Impact Assessment Working Papers and Topic discus- sions Meeting minutes from relevant meetings with stakeholders Draft policy, laws, or similar BFC gender strategy Technical progress reports/status reports Baseline reports and studies Project monitoring plan Technical and financial reports of partner agencies Other studies and research undertaken Project files National Action Plans
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Focus group or one-on-one meetings will be held with:

- Project management and staff
- ILO/HQ and regional backstopping officials

Focus Group Consultation Meetings will be held with:

- Ministry of Labour and Vocational Training on the collaboration for increased institutional sustainability
- Ministry of Commerce on the BFC role in the sector
- Ministry of Economy and Finance on BFC's work around the sector strategy
- Unions: on the working of the union contact group, how does that impact their understanding of the programme, how has that helped them to contribute better to the PAC meetings and other important topics on which BFC is working (sector strategy, gender;
- Buyers on their involvement in sector wide issues
- GMAC (employers) on increasing our relevance to them and their members
- Possibly the international development partners that are working in the garment sector

## VI.

## RESOURCES AND MANAGEMENT

The evaluator will report to the Evaluation Manager, Ms. Pamornrat Pringsulaka (pamornrat@ilo.org), Regional Monitoring and Evaluation Office in ILO Regional Office for Asia and the Pacific. The evaluation manager takes the responsibility in finalising TOR in consultation with all concerned and will manage the whole evaluation process and will review evaluation report to make sure it has complied with the quality checklist of ILO evaluation report.

Evaluation Office in Geneva (EVAL) will do quality assurance of the report and give approval of the final evaluation report.

BWG and BFC team will provide administrative and logistical support during the evaluation mission. The project management team will also assist in organizing a detailed evaluation mission agenda, and to ensure that all relevant documentations are up to date and easily accessible by the evaluator.

### Resources

The following resources are required:

- Consultant fees for 28 work days
- In case of international consultants, travel to Cambodia and DSA as per ILO rules and regulations if applicable
- Costs associated with the focus group meetings

## **Annex: Suggested aspects for the evaluation to consider**

### **Relevance**

- To what extent do the project's objectives and strategies meet the needs of key stakeholders including apparel sector workers, producers, the Royal Government of Cambodia (e.g. The Cambodia Industrial Development Policy 2015-2025?), social partners, and international buyers? Have the needs of these stakeholders changed since the beginning of the project/phase in ways that affect the relevance of the program?
- Is the strategy and approach of work with stakeholders and policy still relevant? How is the strategy being implemented and coordinated? Have there been any changes in strategies?
- Does the "theory of change" still hold? What is the level of understanding of different stakeholders?

### **Project Effectiveness and effectiveness of management arrangement**

- What are the results achieved to date in respect of the programme's work with stakeholders? Is the BFC likely to achieve its planned objectives at the end of the programme?
- Is the project on track to complete the project targets according to schedule? If not, what have been the obstacles to achievement both in terms of factors that the project is able to influence and external factors beyond its control?
- To what degree have workers participated in the PICC (or equivalent workers-management structure at the factory level) formation and implementation process? Has the nature of social
- dialogue in the participating factories in the project changed because of the implementation of the project's advisory activities? What are the challenges to worker participation, and how might they be overcome as the project transitions into its sustainability and exit strategy phase?
- There are number of recommendations from the recent evaluation(s) of BFC. To what extent and in what ways did the project follow-up on these recommendations?
- Are project partners (government, industry, etc.) interested and able to fulfil the roles expected in the project strategy? What are the capacity challenges?
- What are the current challenges that the project is facing in relationships with stakeholders what efforts are made to overcome these challenges? What do stakeholders feel would be next steps in the relationship? What are the possible changes in project strategy or implementation that are needed in order to achieve a stronger relationship with stakeholders?
- How can BFC further motivate and support its tripartite partners in taking up the policy issues that are being raised? What are the limitations of BFC action in this area? How can they be overcome?
- Are there ways in which the functionality of the PAC can be strengthened?

### **Efficiency**

- Are the outputs delivered in a timely manner and resources strategically spent? If not, what are the factors that hinder the timely delivery of outputs?
- Is there a need to reallocate resources or adjust activities in order to achieve its immediate objectives in terms of stakeholders' engagement? Are resources sufficient for the remaining project period?
- How effectively has the project leveraged resources (e.g., by collaborating with other projects)?

### **Impact orientation and Sustainability**

- What is the current structure of BFC's funding (donors & revenue)? What is the plan/strategy for increasing the revenue level?
- Are the linkages to broader sectoral and national action been made? How is local ownership and management being promoted? What is the nature of the commitment from national stakeholders, including the Royal Government of Cambodia, the labour movement (locally, regionally and internationally), employers (both employers' associations and participating factories themselves)? How has it changed during the current phase?
- What impact has BFC had on factory-level compliance with international labour standards and national labour law? Has overall factory compliance improved? Are there compliance areas where factories have not demonstrated improvements? Please explain. (Even if this has been covered by other studies/evaluations, it merits at least a brief analysis or summary to justify if / why certain outcomes or

project interventions should be sustained. It shouldn't be assumed that everything the program has done/is doing is worth sustaining).

- What is the nature of buyers' engagement in BFC and how has it changed since the prior phase? Has Cambodia gained new buyers or increased orders because of improved compliance in the factories?
- What are the key elements that the project developed during this time that could be sustained beyond the life and the context of the project?
- How has BFC leveraged impact evidence?
- Has a sustainability strategy been developed? If so, what were the results? If not, what is the status? Is a sustainability plan being pursued to facilitate the transition to the exit of the BW program in an effective and responsible manner?
- **Special aspects to be addressed**
- The extent that the work has promoted ILO's mandate on social dialogue and international labour standard (taking into consideration the context of the BFC). Any improvement in the tripartite or bipartite social dialogue in Cambodia?
- The extent to which gender has been addressed in the design, and implementation or in the results of the interventions?

#### **Annex: All relevant ILO evaluation guidelines and standard templates**

- Code of conduct form (To be signed by the evaluator)\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_206205/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_206205/lang--en/index.htm)
  - Checklist No. 3 Writing the inception report\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165972/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165972/lang--en/index.htm)
  - Checklist 5 Preparing the evaluation report\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165967/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165967/lang--en/index.htm)
  - Checklist 6 Rating the quality of evaluation report\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165968/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165968/lang--en/index.htm)
  - Template for lessons learnt and Emerging Good Practices\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_206158/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_206158/lang--en/index.htm)  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_206159/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_206159/lang--en/index.htm)
  - Guidance note 7 Stakeholders participation in the ILO evaluation\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165982/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165982/lang--en/index.htm)
  - Guidance note 4 Integrating gender equality in M&E of projects\_  
[http://www.ilo.org/eval/Evaluationguidance/WCMS\\_165986/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_165986/lang--en/index.htm)
  - Template for evaluation title page [http://www.ilo.org/eval/Evaluationguidance/WCMS\\_166357/lang--en/index.htm](http://www.ilo.org/eval/Evaluationguidance/WCMS_166357/lang--en/index.htm)
- Template for evaluation summary: <http://www.ilo.org/legacy/english/edmas/eval/template-summary-en.doc>.



