



Evaluation Summary



International
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Better Factories Cambodia (BFC): Mid-term evaluation Opening a new chapter: Sustaining impact, outcomes and capacities

Quick Facts

Country: Cambodia

Mid-term Evaluation: March-May 2018

Evaluation Mode: Independent

Administrative Office: ROAP, Bangkok

Technical Office: DWT/Bangkok & BFC Project Office

Evaluation Manager: Ms. Pamornrat Pringsulaka

Evaluation Consultants: Mr. Don Clarke (international) and Mr. Sok Somith (national)

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

Donors & budget: Royal Government of Cambodia (RGC), Garment Manufacturers Association in Cambodia (GMAC), United States Department of Labor (USDOL), Australia Department of Foreign Affairs and Trade (DFAT), Netherlands Ministry of Foreign Affairs, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany Federal Ministry for Economic Cooperation and Development (BMZ): Total US\$ USD 7,566,687

Keywords: Better Factories Cambodia, international labour standard, Better Work, international garment supply chain

Background & Context

Project purpose, logic & structure

Key components of the BFC Programme Strategy 2016-2018 are:

1. continuing to improve and expand current “in-factory” work
2. boosting institutional sustainability for the programme

3. building stronger partnerships for influence and impact
4. strengthening the BFC’s knowledge base, communication and awareness strategies
5. 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.

BFC was established at the request of the RGC in 2001 and was a “founding element” of the ILO’s Better Work global flagship programme. The rationale for BFC’s establishment was to ensure access to international markets (initially the US market) for Cambodian apparel exports by addressing deficits in the application of international labour standards and the Cambodian Labour Law. All garment exporting factories in Cambodia (the country’s main source of formal employment and accounting for 80% of the country’s

exports) are required to be part of BFC's monitoring activities as a condition under their export license. BFC also provides factory improvement advisory and training services on a voluntary/cost recovery basis.

BFC operates under a mandate provided by a Garment Sector MOU signed by the main programme partners. The current MOU covers the period until December 2019. A Project Advisory Committee (PAC) guides the implementation of BFC. It comprises nine members (three representatives each from Royal Government of Cambodia (RGC), the Garment Manufacturers Association in Cambodia (GMAC) and Cambodia's union movement). Members are formally appointed by the Ministry of Labour and Vocational Training (MOLVT). Other key BFC partners/stakeholders are the Ministry of Commerce (MOC), Ministry of Economy and Finance (MEF), international garment brands/buyers, international manufacturing/investor groups, other UN agencies in Cambodia and international NGOs.

Present Situation of the Project

After 17 years of operation in Cambodia, BFC is an important and widely respected actor within Cambodia's garment sector. As outlined later, BFC can demonstrate a number of significant impacts over that time. Key elements of BFC's own organizational development during the current phase are (i) the strengthening of the use of field data to drive programme performance and (ii) the development of "drivers of change" skills and approaches amongst staff which are oriented to moving beyond compliance per se to seeking long-term systemic solutions. BFC's contribution to the development of a national garment sector strategy is indicative of the later. Recent years have seen increasing attention to the need to ensure the long-term sustainability of BFC impacts, outcomes and capacities (see further later reference).

Purpose, scope and clients of the evaluation

The evaluation covered the current strategic phase of the BFC programme, from 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.

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 on BFC's engagement with stakeholders as a key aspect of BFC's long-term sustainability orientation.

In this context, the evaluation examined the **relevance, effectiveness efficiency, impact and sustainability** of the programme in the period since January 2016.

Methodology of evaluation

The evaluation employed a blended qualitative / quantitative approach. Its main components were an extensive desk review; a 10 day field mission for in-depth stakeholder consultations; interviews with ILO / Better Work staff in Geneva, Bangkok and Phnom Penh; and a validation meeting with the above-mentioned Project Advisory Committee.

Main Findings & Conclusions

Relevance to Cambodian priorities and needs

The evaluation found that BFC was well aligned with Cambodia's national policy and development planning frameworks. 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 to address the high levels of death and injury experienced by workers in transit to and from work.

Programme and management effectiveness

In the period since January 2016, BFC was found to have achieved 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 development of a national garment sector strategy and opening of relations with international manufacturing groups and investors who have established factories in Cambodia.

Stakeholder relations are a cornerstone of programme effectiveness, as well as impact and sustainability. Central to BFC's mandate and delivery is its relationship with the MOLVT. Overall, this core relationship was found to require ongoing prioritization in BFC's next strategic phase. Important steps have been taken since 2016 to improve collaboration through the development of an improved MOLVT labour 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 introduction in 2018 of OSH inspection training under the Better Work Academy.

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). The trade union relationship has been strengthened since 2016 with the establishment of a well-attended informal trade union contact group and intensified outreach.

At the same time, a significant new strategic relationship has been developed in the context of the garment sector strategy drafting 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.

With respect to other aspects of programme effectiveness and management, the current programme design was found to be sound and well-grounded and programme management was found to be results focused and strategic. Significant steps were observed in the mainstreaming of gender through the development of a gender strategy and associated theory of change and action plan. Strengthened synergies were demonstrated between BFC and other aspects of the ILO's work in Cambodia under the Decent Work Country Programme (DWCP) 2016-2018. The DWCP document itself integrates BFC into the wider ILO framework under six out of nine outcomes.

Efficiency of programme use of resources

The evaluation found that BFC income and expenditure are well monitored and applied transparently in line with the requirement of programme outcomes and outputs. Adjustments for emerging needs (such as growing demand by factories 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 main area identified for improvement is the efficiency of the central Better Work internal database system.

Impact and sustainability

Existing available findings and stakeholder feedback 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; (ii) contributed to improvements in the lives of approximately 2.4 million Cambodians dependent on garment sector earnings; (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.

At the same time, a recurrent theme in stakeholder consultations was the issue of BFC's long-term future in Cambodia. While affirming BFC's positive contribution to Cambodia's garment sector over 17 years, most 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 BFC/MOLVT collaboration remains critical, as stated above.

Challenges, lessons and good practices

Key challenges relate to the long-term sustainability of BFC's impact, outcomes and capacities. The evaluation identified several steps that can be taken to clarify potential institutional, legal, financial and operational

options, as well as associated risk and mitigation measures.

Several **key lessons** from the current BFC phase were identified, as follows:

1. The development of a complex relationship such as that between BFC and the MOLVT is a multi-layered and long-term process.
2. A strategic orientation to stakeholder engagement has brought new opportunities and leverage for BFC (for example new relations with the Ministry of Economy and Finance and international manufacturer/investor groups).
3. Potential exists to expand use of BFC's well-acknowledged "convening power" to facilitate collective processes for change, including through enhanced collaboration and synergies amongst the multiplicity of external actors now engaged in the sector.
4. BFC's rich factory / sector-based database holds significant potential as a driver for change at policy, programmatic and factory levels.
5. 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

The following **good practice** examples were also identified:

1. Leveraging the power of public disclosure via BFC's transparency database to promote compliance with international labour standards and the Cambodia Labour Law.
2. Leveraging BFC's "convening power" to proactively promote and contribute to the development of the national garment sector strategy in Cambodia, including facilitation of engagement by international and domestic private sector actors and trade unions.
3. Using data analysis to underpin new strategic relations with international manufacturer/investor groups, providing a basis for the development of cluster/collective approaches to working with factories owned by each group.
4. Use of field data to drive service delivery improvement (e.g. through same day analysis of training evaluation feedback and providing an evidence base for staff performance improvement).

Recommendations

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.

The evaluation report also sets out additional detail on implementation steps, the lead implementer in case and budgetary implications.