

*15th Anniversary Celebration
Better Factories Cambodia
Phnom Penh, 18 October 2016*

Opening remarks by

Maurizio Bussi

Director, ILO Country Office for Thailand, Cambodia and Lao PDR

Your Excellency Dr. Ith Sam Heng, Minister of Labour and Vocational Training

Your Excellency Mr. Pan Sorasak Minister of Commerce

Excellencies, representing other ministries of the Royal Cambodian Government

Mr. Van Sou Yeng, President of CAMFEBA and GMAC

Representatives of trade unions,

Ambassadors,

Representatives of development partners, BFC partners and international buyers,

Ladies and Gentlemen,

I am very thankful for your presence today and for your continued commitment to support ILO's work in Cambodia.

Our joint journey started a few weeks after the signing of the Paris Peace Agreements on 23 October 1991.

When the United Nations Transitional Authority in Cambodia (UNTAC) arrived in late 1991 it found a country that was savaged by one of the cruellest wars of the 20th century.

But somehow the people had retained their desire to rebuild Cambodia into a country they could be proud to call their own.

It is in the early months of post-conflict Cambodia that the ILO launched a comprehensive labour-intensive programme.

A programme that generated millions of days of paid employment; and given training in a host of trades.

Jobs that helped to clear debris surrounding the Angkor temples.

Jobs that built much needed rural roads and bridges. Jobs that connected people and communities.

In a nutshell, jobs that helped rebuilding Cambodia's socio-economic fabric.

A few years later, the government announced its intention to build up its labour rights framework.

Shortly after, Cambodia became the second country in Asia and the Pacific to ratify all eight ILO's fundamental conventions.

A battle unlike those which had despoiled the country for decades was engaged: the fight for social justice.

The two milestones that I have briefly recalled created the basis for a pioneering programme. The Better Factories Cambodia programme.

A programme linking Cambodia's nascent garment industry with its key trading partners.

A programme that created a labour compact involving ministries, workers, employers, investors and international brands.

BFC was launched fifteen years ago as a national initiative that has now evolved into a global programme, Better Work.

Better Work is today a multi-country partnership that provides direct support to more than 2 million workers and engages with thousands of factories across Asia, the Middle East and Central America. I am pleased to welcome here today the Director of Better Work Dan Rees who is joining us today from Geneva.

Cambodia must be recognized for the role its institutions played in originating and continuing an initiative of such critical importance.

Today, we will have opportunities to reflect on the contributions that this work has made to Cambodia's development and to the industry as a whole.

We will also map out pointers for future action, using the SDGs as a unifying framework.

Ladies and gentlemen,

To kick-start our reflections, it is key to recognize that the last fifteen years have witnessed phenomenal changes in the way the garment industry has evolved.

Garment production has moved significantly from more industrialised countries to developing and emerging economies.

Most of these countries, including Cambodia, started to build their garment industry with limited capacity to adopt and enforce appropriate labour legislation.

Employers concentrated on meeting production deadlines and on acquiring new market shares.

Trade unions continued to advocate for better working conditions, fair wages and their fundamental right to organize and to bargain collectively.

Over the years, the industry has become increasingly fissured.

Buyers are not directly employing garment workers but instead managing a complex supply chain.

Fast fashion has altered production cycles and made the demand for products more volatile and difficult to predict.

Codes of conducts and buyers-led audits have produced mixed results and are increasingly attracting scepticism.

More recently, attention is starting to turn to addressing the weak governance and buying practices that are at the root of poor working conditions.

Responses to these problems will be out of date unless they address the industry and labour markets of the future.

While prediction is risky, some likely changes can be identified:

- First, we have more and more evidence that technological change will affect all stages of apparel production from design to manufacturing to marketing;
- Second, changes will continue in buying patterns. They will favour smaller and faster production runs and the continuing rise of e-commerce and off-price retailers;
- Third, large transnational supplier groups will influence more and more working and commercial conditions;
- Fourth, the rapid growth of middle-class consumers in emerging economies will change the dynamic of consumer pressure for decent work; and
- Fifth, governments and social partners in exporting countries will increasingly recognize the value of a “high road” approach and have greater capacity to implement it.

Looking at the Cambodia case, 15 years after its inception BFC is directly assisting around 600 factories employing about 650,000 workers in export-licensed firms.

BFC has created and supports a knowledge network involving several development partners and dozens of international buyers and intermediaries.

In parallel, BFC product line has grown over the years. The core function of assessing and reporting labour compliance has expanded with new services.

The public disclosure initiative we started a couple of years ago provides broad recognition to good employers and stimulate others to improve.

Training and capacity development initiative for workers, supervisors and managers are now a significant part of BFC services.

Labour inspectors, trade unions, employers' organizations and buyers are also closely connected through BFC knowledge exchange and business intelligence initiatives.

Advisory services on factory improvements and supporting workplace social dialogue are expanding and creating added value.

Applied work informed by the analytical review of large amount of factory-level data enables BFC services to be based on "what works".

This helps tremendously in driving workplace change that benefits both workers and business.

Allow me to highlight some of the dividends this work has generated.

- The gender pay gap, coercive practices and systematic abuse of probationary contracts have been reduced. Workers' wages have increased as a result of joint action.
- Workers' concerns about excessive overtime, safety and health risks, sexual harassment and verbal abuse have decreased.
- Health of both workers and their children has improved.

- Factories that have enhanced workplace conditions have increased their productivity and profitability. They have improved contract terms and order sizes from buyers, and reduced turnover and injury rates.
- Efforts to improve workplace relations and social dialogue are starting to show tangible results.

Looking at the way forward, we have an imperative need to remain bold, innovative and determined in supporting the national development framework and SDGs objectives.

The discussion today will give invaluable guidance to our collective efforts but some drivers of change are surfacing as key pointers for our future work.

These include:

- First, strengthening the capacity and effectiveness of labour inspectorates to enforce adherence to national labour standards in keeping with relevant international law. This is critical. ILO's efforts in this area will be intensified. They will create the conditions for a gradual shift of responsibility and accountability to the national machinery.

Equally importantly, we need to ensure that existing and announced labour dispute systems will fully satisfy the legitimate demands for a fair application of the labour code. Helping in preventing and settling labour disputes will continue to be a central piece of our technical services.

- Second, we need to expand the engagement and capacity of suppliers and their organizations to improve working conditions.

We will need to do that by demonstrating, through results at factory level, the business case linked to increased productivity and competitiveness.

- Third, strengthening freedom of association, collective bargaining and social dialogue as a core enabling condition.

The new trade union law is a normative instrument that has to fully demonstrate its direct contributions to these efforts. Failing in this area will significantly undermine national and international efforts in support to the industry.

- Fourth, we need to work collectively and creatively to integrate employment, industrial, environmental, trade, transport and energy policies into a single national framework. A framework which is coherent, inclusive and mutually supportive. A framework that leaves no one behind.
- Fifth, we need to secure buyers' commitment to integrate decent work into their business strategies.
- And last, we need to use BFC as a laboratory to test new approaches, tools and models that could be scaled up by governments, including in other sectors and across sectors. Innovation and knowledge exchange will need to drive these efforts.

Ladies and gentlemen,

Let me conclude by recognizing that the tasks before us are vastly complex.

But we know that the real measure of our work here is whether we are or are not supporting workers and their families in their quest for social justice and decent work.

I wish you all a productive and engaging discussion.

Thank you.