



# Evaluation Summary



International  
Labour  
Office

Evaluation  
Office

## *Better Factories Cambodia II - Final Evaluation*

### Quick Facts

**Countries:** Cambodia

**Final Evaluation:** December 2015

**Evaluation Mode:** Independent

**Administrative Office:** CO-Bangkok

**Technical Office:** DIALOGUE/GOVERNANCE

**Evaluation Manager:** Yoshie Ichinohe

**Evaluation Consultant(s):** Lotta Nycander

**Project Code:** CMB/13/02/MUL, CMB/12/51/CMB, CMB/12/52/CMB

**Donor(s) & Budget:** AusAID, US Department of Labor, Royal Government of Cambodia, and Garment Manufacturers Association in Cambodia (GMAC), Total USD 6,036,584.-

### Background & Context

#### Summary of the project purpose, logic and structure

In 2001, the Cambodian government, in partnership with employers from the textile and clothing industry and the trade unions, developed a unique system for improving working conditions in garment factories, based on social dialogue, stricter observance of labour legislation, and continuous improvements. The International Labour Organization (ILO) was called upon to help set up the system, providing assistance through a project known as “Better Factories Cambodia” (BFC). Its operation began, according to

the BFC project document, “after a trade agreement between the Royal Government of Cambodia and the United States gave Cambodian-made garments preferential access to the US market in return for documented improvements in working conditions.”

A (mid-term) independent evaluation was conducted on the initial BFC project, from mid-December 2012 to end-March 2013. It was aimed at informing future direction of BFC, among others, while the extended BFC project, BFC II, had begun before the evaluation was finalized.

BFC II was a three-year project, from January 2013 until December 2015. The strategy is described in a project document and had the following objectives:

Outcome 1. Better Factories Cambodia has expanded its scale of operations and impact on the working conditions of Cambodian workers.

Outcome 2. Compliance with national labor law and international labor standards has increased in tandem with strengthened impact of programme interventions.

Outcome 3. Better Factories Cambodia has used evidence drawn from its operations to influence change in policy, buyer and factory practices and worker behaviours.

Outcome 4. The long-term viability of the Better Factories Cambodia and its outcomes has been improved.

Outcome 5. Governance and stakeholder ownership of Better Factories Cambodia has been maintained or improved.

#### Present Situation of the Project

The project ended and the next phase (BFC III) is being designed.

### **Purpose, scope and clients of the evaluation**

The main objective of the evaluation is to assess achievements towards the planned objectives of the project to date, according to the log frame and respective monitoring indicators, and make recommendations on how to design the interventions that will form the basis of Phase III.

More specifically, it aims:

- to provide account to the donors, national and international stakeholders in regard to the results achieved by BFC to date;
- to analyse the achievements made and to identify lessons learned in order to improve and guide the future operations of the BFC project vis-à-vis the changing garment industry, changing socio-economic and business environment and the new technical operating environment e.g. the scheduled alignment with the Better Work Programme. This will be achieved by assessing the relevance and coherence of the BFC design, strategy and approach, the efficiency in implementation, effectiveness of its operations, sustainability of results and the impact of the project;
- to provide recommendations for the future direction of BFC; and
- to identify lessons learned from BFC strategies, policies and operations to be transferred and integrated where applicable in the operations of the ILO/IFC Better Work Programme, as well as the ILO as a whole.

The evaluation should particularly focus on:

1. Stakeholder engagement and sustainability
2. Influencing compliance and policy
3. Impact of the programme

The primary audience of the report is Better Work project management, both the BFC and Better Work Global, the ILO Country Office for Thailand, Cambodia and Lao People's Democratic Republic, as well as the project and global programme donors (US Department of Labor, State Secretariat for Economic Affairs of Swiss Confederation, Australia, and The Netherlands). The secondary audience includes

national project partners and stakeholders, and international buyers.

### **Methodology of evaluation**

Qualitative methods were used to gather *both* qualitative and quantitative data and information. The latter was drawn from secondary sources as there is no scope/time to undertake a survey to gather primary data.

Methodological triangulation was applied, involving more than one option to gather data, i.e. interviews, focus group discussions, observations, brief written questions to selected respondents, and reviewing documents, including through a field visit to Cambodia. Emphasis on triangulation was not only done to increase the credibility and validity of the results, and cross-check information to minimise any bias – but also to deepen the evaluator's understanding.

The most important limitation of the evaluation field study was the short duration of the field mission in Cambodia, which in the end amounted to only six full weekdays and one Sunday morning for interviews, meetings and focus group discussions (including the presentation of findings). Only one factory could be visited during the period.

### **Main Findings & Conclusions**

The evaluation has 10 conclusions based on key findings.

The first conclusion relates to BFC's **return to public disclosure** and adoption of a more transparent approach in 2014, making Cambodia the only large-scale garment producing country revealing garment factories' level of compliance to the public. It is assessed as critical in rebuilding confidence in the country's commitment to improving working conditions in the industry.

The second and third conclusions address the **project's design and strategy** and it is assessed that the project is relevant and based on a results framework that is sound and has a logical construction, with a structure that is also found in 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.

The fourth conclusion is related to **expansion into new sectors and Outcome 1** of the Project and has three points; **a)** stating that 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; **b)** 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 were, at the time of the evaluation, monitored in preparation for a workable strategy to be developed; and **c)** In view of the staff changes in the Project during the period under review, both staff and stakeholders have expressed that the new management arrangements had helped improve project implementation and relations with constituents.

The fifth conclusion regards **factories' compliance with national labour law and is related to Outcome 2** of the Project. It is concluded that **a)** BFCs training programme for factories includes topics such as occupational safety and health; sexual harassment; supervisory and managerial skills training and negotiating skills; human resources management skills; among others; **b)** Changed monitoring practices were found to have positively influenced compliance with national labor laws and international labour standards and generated more confidence among stakeholders. A caution is provided regarding securing the “unannounced monitoring visits”; and **c)** advisory and trainings services have been diversified to include human resource management systems, which further will be broadened with topics such as impact evaluation, marketing (to generate more revenue) and quality control.

The sixth conclusion is related to Outcome 3 of the Project regarding **policy advocacy for sustainable international labour standards**. BFC has 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 of its parts) 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 the Project has had an impact on the fact that a MOU with GMAC was agreed upon. It also 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.

The seventh conclusion relates to Outcome 4 of the Project, addressing BFC's **financial viability and national constituents' institutional sustainability**, especially that of the Royal Government of Cambodia. It is concluded here that: **a)** The Project has ensured financial support to BFC in different ways and has extended MoUs with GMAC and the RCG and shown that it has an ability to earn revenue from its 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 demand for BFC's services remains strong and national management staff has long experience from working in the Project and have been trained to become future leaders. These are all very good achievements and important steps in the direction of becoming independent of donor funds in the future and develop sustainable services; **b)** BFC has not been institutionalised in the sense that it has been referred to in its Project Document. During the period under review no strategy or vision towards institutionalisation had been developed, however in its forth quarter a consultant was commissioned to assess the key stakeholders' views and plans for the future of the BFC; and **c)** Working with the MoLVT and MoC is important and should be given due attention as it is closely connected with efforts to keep factories compliant and to generate positive developments in the industry.

The eighth conclusion addresses the Project's **working relations with ILO key constituents**, as also addressed in Outcome 5 of the Project. The evaluation was not able to identify any direct sense, or sign, of ownership of the Project among key stakeholders. What was detected, however, is a renewed interest for cooperation and association with the ILO Project, which seemingly is linked to the change of the Project management, which took place 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 Project's active engagement in the garments industry. This situation may affect BFC's long-term viability adversely if not addressed in the forthcoming project.

The ninth conclusion is about the **concept of gender, including the integration (mainstreaming) of gender concerns in the project**: **a)** The Project has undertaken activities 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). **b)** As more information and data is being generated through various studies about both women, men workers and child labors - there are opportunities for new entry points for BFC in the future project to be more engaged and advocate on issues that are relevant in view of gender.

The tenth conclusion is related to **efficiency, impact orientation and the likelihood of sustainability**. It is concluded that the Project has been efficient in the sense of spending in relation to its targets, and had spent a total amount of USD 5,370,819 out of the total budget at the time of the evaluation. Approximately 70 percent of the budget is from own revenue - a great achievement and one that the Project will/should use to build sustainable services in the future. It was also concluded that the Project has made an important and positive impact. It has managed to build a very capable national management team and is creating revenue from the services it delivers. The evaluation has, however, not been 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 as enquired about.

## Recommendations

### Main recommendations and follow-up

**Recommendation 1.** 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.

**Recommendation 2.** 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.

**Recommendation 3.** Regarding monitoring practices: 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&E) – serving the whole project, not only the monitoring aspects in

relation to factories; and 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.

**Recommendation 4.** The Project should ensure that research studies that have been started and not completed during the phase are completed and that it is shared with the public.

**Recommendation 5.** Following the above-mentioned conclusion about ensuring long-term viability of benefits and outcomes in the industry, the Project and partners should a) develop a road map and strategy, in which in particular the rendering of high quality services and marketable pricing are well worked out; 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 key leading role from the Government's side.

**Recommendation 6.** 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.

**Recommendation 7.** 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.

**Recommendation 8.** 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.