

KINGDOM OF CAMBODIA
INTERNATIONAL LABOUR ORGANIZATION
BETTER FACTORIES CAMBODIA

**TWENTIETH SYNTHESIS REPORT ON
WORKING CONDITIONS
IN CAMBODIA'S GARMENT SECTOR**



30 APRIL 2008



Synthesis Report

01/11/2007 - 30/04/2008

200 Factories Monitored

1. About Better Factories Cambodia

Better Factories Cambodia aims to improve working conditions in Cambodia's export garment factories. It combines independent monitoring with finding solutions, through suggestions to management, training, advice and information.

2. Information Management System

Better Factories Cambodia has now developed a world-first information management system (IMS) for monitoring and reporting on working conditions. The IMS is a totally computerized system for collecting, storing and analyzing data. It enables the generation of reports tailored to user needs, and provides enhanced security, easy access to information, and greater transparency.

The IMS streamlines and integrates the data collected during factory monitoring visits on working conditions. By compiling this information electronically, Better Factories Cambodia now automatically generates reports for individual factories that show their current compliance as well as suggestions for improvement. Because of its electronic database, the IMS also provides reports on groups of factories or on the entire industry. It can compare performance across different types of factories, rank major issues, and detail different combinations of information that may be required for analysis.

The IMS makes it possible for Better Factories Cambodia to produce reports in Khmer, English and Chinese. Reports are more user-friendly. Because the system is web-based, accessing information is quick and easy.

Factories can grant buyers, vendors or other users access to their monitoring visit reports by submitting a Third Party Access Form. An authorized third party gains access to the IMS by submitting a completed Application for Subscription to the ILO and paying a fee. Once these forms are submitted, Better Factories Cambodia issues a username and password to the authorized user to view the factory's data online.

3. About this Report

This report summarizes information about working conditions and labour standards in Cambodian garment factories that are registered with Better Factories Cambodia. Electronic versions can be viewed at <http://www.betterfactories.org/ilo/>.

Better Factories Cambodia is transitioning to a new system for collecting, analyzing and reporting on factory monitoring data. This new system (called STAR) currently is being developed by the ILO through a project known as Better Work (see www.betterwork.org). STAR will refine the way in which aggregate compliance values are measured and reported. For example, STAR will incorporate data on the numbers of workers affected in calculating aggregated compliance levels. (This type of "severity index" currently is not accounted for when aggregated compliance values are calculated using the IMS). In anticipation of the transition to the STAR system, Better Factories Cambodia has streamlined the Synthesis Report to focus on the information that is most likely to be produced through STAR.

3.1 Factory Data Reflected in this Report

Most of the graphs and charts in this report reflect current monitoring data from factory reports posted during the past six months. If a factory has two monitoring reports posted during that time, only the most recent monitoring data is included. Conversely, if a factory did not have a monitoring report posted during the past six months, no data for that factory is included in this report. The graphs and charts that reflect this set of monitoring data are labeled "6 Months to Date".

Other graphs and charts display industry-wide information. They draw data from the most recent report for every active factory (not closed or suspended) with monitoring data in the IMS. The graphs and charts designed in this way are labeled "Industry-Wide".



4. Industry Update

4.1 Number of Active Factories and Workers (Ministry of Commerce Data)

	30-Apr-2008	01-Nov-2007
Number of Active Factories	326	311
Number of Workers	354,570	353,160

Note: These figures are based on data provided by the Ministry of Commerce. The number of active factories includes all factories that the ministry has indicated are theoretically operating.

4.2 Number of Visits to Factories

During the previous six months, 200 factories were monitored. The data from those monitoring visits is reflected in this report. Better Factories Cambodia visits factories as they register with the project. Some factories have been registered for a number of years and have had multiple visits. The table below shows the number of factories grouped according to the visit number that took place in the last 6 months.

Table 1
Factories Grouped by Visit Number

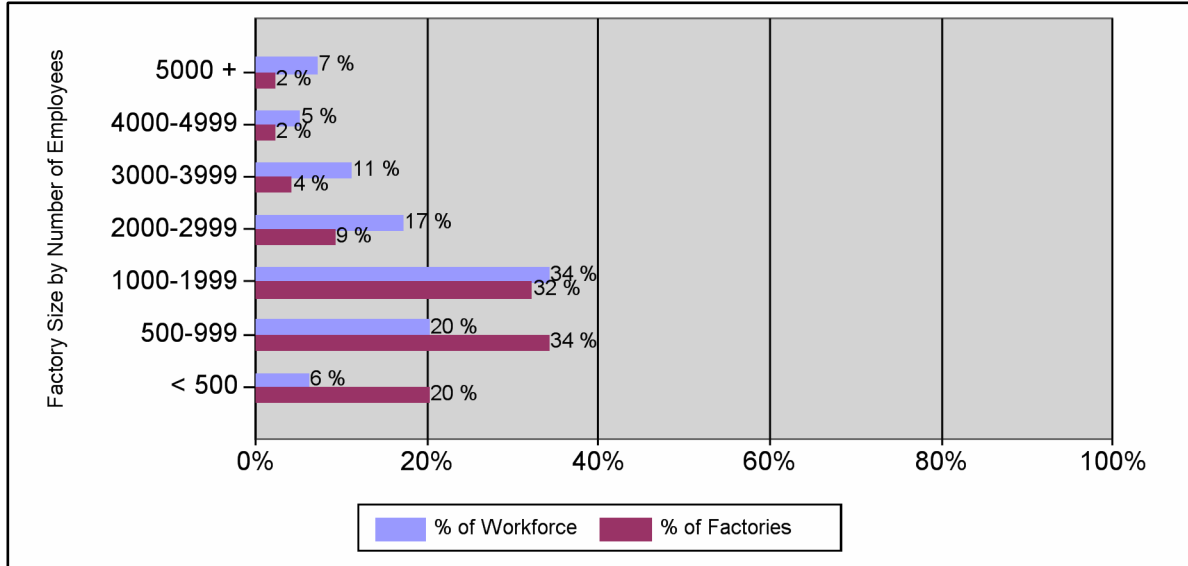
(6 Months to Date)

Visit Number	Number of Factories	% of Factories Visited
1st Visit	19	10%
2nd Visit	14	7%
3rd Visit	36	18%
4th Visit	29	14%
5th Visit	15	8%
6th Visit	25	12%
7th Visit	43	22%
8th Visit	19	10%
Total	200	100%

4.3 Factory Size

Graph 1

Comparison of the percentage of Factories and Workforce by Factory size (number of employees)
(6 Months to Date)

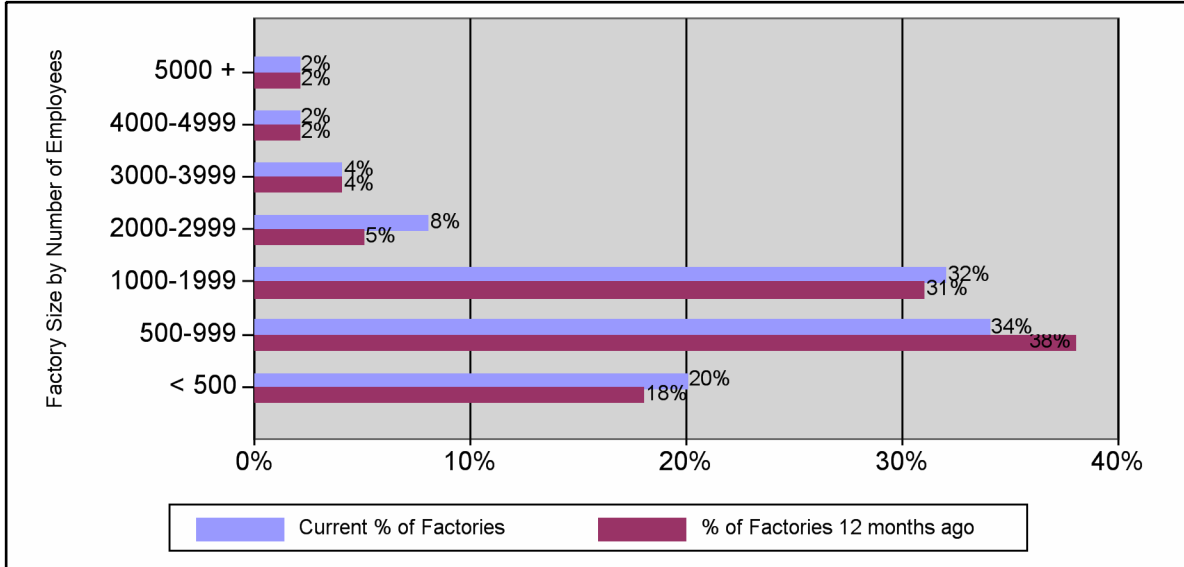


Nearly three quarters of the workforce is employed in factories with 1000 or more workers.



4.4 Changes in Factory Size Over Time

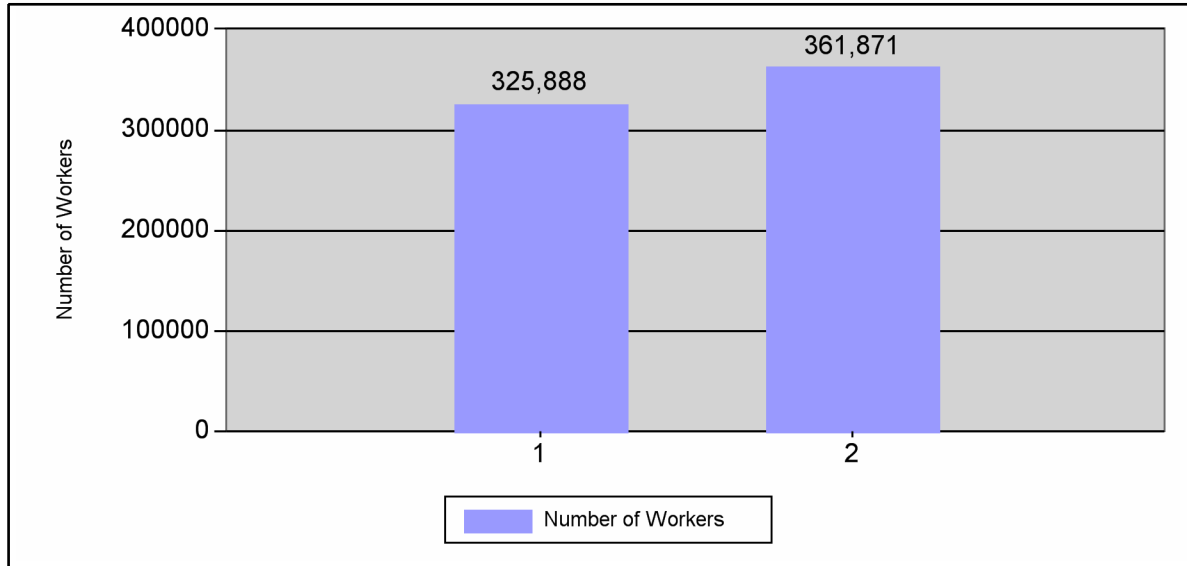
Graph 2
(6 Months to Date)



4.5 Workers Employed in Factories Monitored by Better Factories Cambodia

This graph shows the number of workers employed currently and 12 months ago in the factories monitored by Better Factories Cambodia, based on information collected during monitoring visits.

Graph 3
(Industry-Wide)



1 – 12 Months Ago
2 – Current

The percentage of women workers in the active factories monitored by the project is 92.2%

Note: The numbers of workers shown above include workers from all active factories (not closed or suspended) that have been monitored by Better Factories Cambodia. The figures are drawn from the most recent monitoring report for every active factory with monitoring data in the IMS as of the relevant date. This data has been collected over a period of several months. Changes in the number of workers or status of factories (e.g., closure) that occurred after the most recent monitoring visit are not reflected in this graph.



5 Compliance Status

5.1 Findings on Selected Working Conditions (6 Months to Date)

Legal Requirement	% of Factories in Compliance
Minimum Wage for Regular Workers	97 %
Minimum Wage for Casual Workers	70 %
Minimum Wage for Piece-Rate Workers	90 %
Correct OT Rate for Regular Workers	98 %
Correct OT Rate for Casual Workers	93 %
Correct OT Rate for Piece-Rate Workers	96 %
18 Days of Annual Leave	96 %
Payment for Maternity Leave (at least partial compliance)	84 %
- Full Compliance with Maternity Leave (Half Wages plus Benefits)	74 %
Paid Sick Leave	66 %
Voluntary Overtime	75 %
Exceptional Overtime	8 %
Overtime Limited to 2 Hours per day	30 %
Provide Personal Protective Equipment	47 %
Install Needle Guards on Sewing Machines	53 %

Compliance figures on minimum wage and overtime rates for casual workers and piece-rate workers are based only upon those factories employing casual workers or piece-rate workers (not upon all factories covered by the report).

Correct OT Rate refers to the payment of overtime work at 150%. Incorrect payment of overtime wages arising solely as a result of incorrect payment of base wages is not reflected in these figures.

Most figures have not changed significantly from the 19th Synthesis Report, although compliance levels have dropped in a few areas. Full compliance with maternity leave payments is down 12%, and compliance with limits on the frequency and duration of overtime is down 6% and 8%, respectively. Nine percent fewer factories provided workers with personal protective equipment, and 7% fewer are paying piece-rate workers the correct minimum wage. However, 5% more factories monitored had installed needle guards on their sewing machines.



5.2 Compliance with Fundamental Rights at Work

Key Findings on Fundamental Rights (6 Months to Date)

Child Labour	0 factory(ies) had underage workers (0%) 0 under age workers confirmed.
Forced Labour	0 factory(ies) used forced labour (0%)
Discrimination*	17 factory(ies) engaged in discrimination (9%)
Unions**	158 factory(ies) had at least one union (79%) 285 total unions were present
Unionization Rate	43%, according to Gender Survey (see below)
Freedom of Association	6 factory(ies) interfered with freedom of association (3%)
Anti-union Discrimination	7 factory(ies) engaged in anti-union discrimination (4%)
Strikes***	27 factory(ies) had strikes (14%) 35 strike(s) took place
Strikes for which workers failed to comply with one or more legal requirements	24 factory(ies) 32 strikes (91% of strikes)

*Discrimination typically involves unfair treatment of pregnant workers (for example, dismissal when they become visibly pregnant), or unfair treatment of men (for example, failure to hire men because they are perceived as more likely to lead workers to strike).

**The number of unions reflects only unions that are active and registered at the time of the monitoring visit.

***The number of strikes shown includes all strikes revealed jointly by management and workers during a monitoring visit, and reflected in a report signed off within the past six months. The strikes may have occurred any time after the previous monitoring visit. Therefore, this figure does not reflect only strikes that took place during the 6 months prior to this report.

There has been a slight improvement in workers' compliance with all legal requirements before going on strike. In addition, fewer factories were found to have interfered with workers' right to freedom of association (down from 7% in the 19th Synthesis Report).



Limitations in Detecting Underage Workers:

The lack of a universal birth registration system in Cambodia and falsification of age-verifying documents significantly impede the detection of underage workers. In checking for underage workers, monitors perform a visual check for workers in the factory who appear to be under age 15. Monitors also conduct targeted and random checks of employment records to see whether those records indicate that the factory employs underage workers. A similar process is undertaken to determine whether the factory employs workers under age 18, because factories that employ workers under age 18 are subject to additional requirements (e.g., maintaining a register of workers under age 18, getting consent from their guardians for them to work, and protecting workers under age 18 against the worst forms of child labor).

If employment records appear to be reliable (i.e., the documents have not been altered, and they are of a type included in the list of age-verifying documents set forth in Notice 11/03), no further investigation is undertaken. If the employer does not have reliable age-verifying documents, monitors request such documents from workers. If no reliable age-verifying documents are available for workers who appear to be underage, monitors may check available documents in the suspected underage workers' birthplace. It is very difficult for Better Factories Cambodia to detect underage workers who have obtained valid age-verifying documents through corrupt payments or to detect underage workers who impersonate someone of legal age using their valid documents.

If an underage worker is detected, the Garment Manufacturers' Association in Cambodia (GMAC) and the ILO have agreed on a process through which the worker is removed from the workplace and referred to vocational training. The factory continues to pay the worker's wages and also bears the cost of the vocational training until the worker reaches age 15. Upon reaching age 15, the worker has the option of returning to work in the factory.

Better Factories Cambodia commissioned CARE International in Cambodia to conduct a survey of 1000 garment factory workers, and 80 HR/admin managers to explore workers' perceptions concerning gender and workplace relations issues that are difficult to monitor and to cross check key monitoring results (the Gender Survey). Results from the Gender Survey published in December 2006 indicate that approximately 1% of garment factory workers are under age 15.

Limitations in Detecting Incidence of Sexual Harassment:

Better Factories Cambodia monitoring typically identifies very few isolated instances of sexual harassment in any form in garment factories. 5% of women workers who participated in the Gender Survey experienced sexual harassment in the form of unwanted touching. The Gender Survey found that significant numbers of women workers were subject to derogatory language from management (just over 25%) and also from co-workers (just under 25%).

Monitoring of Freedom of Association and Anti-Union Discrimination:

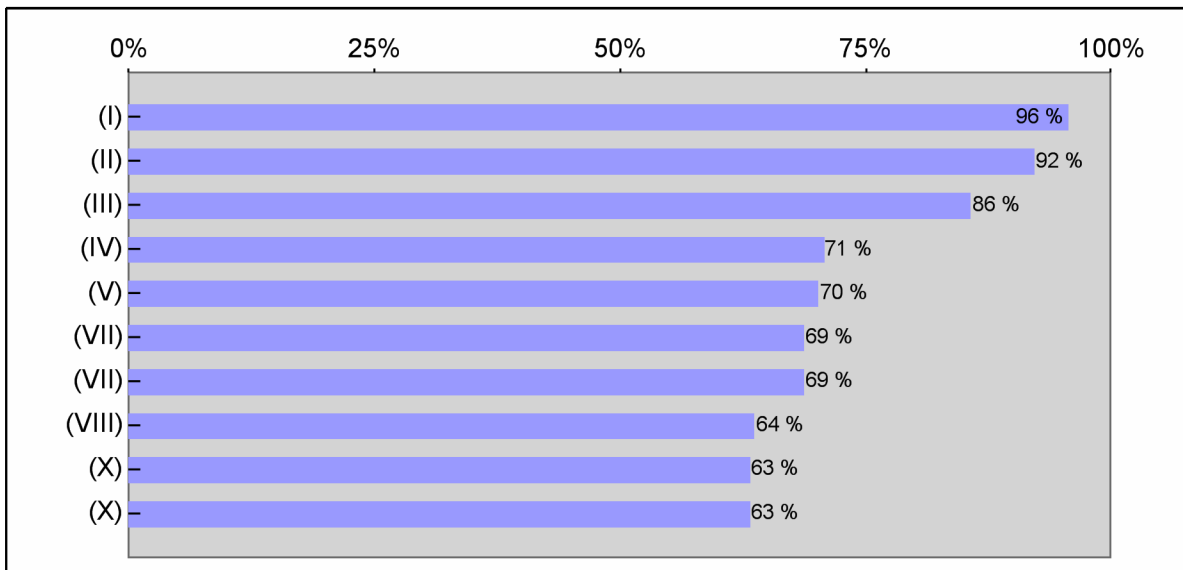
Better Factories Cambodia is aware of allegations of corruption in Cambodian garment factories between some managers and union representatives. This is very difficult to independently verify. Corruption adversely affects the exercise of freedom of association.

5.3 Top 10 Non-Compliance Issues

This graph shows the ten most commonly used suggestions in Cambodian garment factories. These suggestions reflect the top ten non-compliance issues.

Six of the top ten non-compliance issues relate to occupational safety and health (OSH), underscoring the continuing need to address OSH issues through the development and implementation of OSH management systems.

Graph 4
% of factories not in compliance (6 Months to Date)



Management should:

- (I) provide adjustable chairs with backrests for workers who work sitting down.
- (II) ensure that overtime
 - is exceptional
- (III) ensure that the workplace is well lit.
- (IV) increase the staffing in the infirmary by
 - ensuring that medical staff are on duty during the required number of hours (including overtime)
- (V) ensure that overtime
 - does not exceed 2 hours per day
- (VII) develop a health and safety policy.
- (VII) take the following steps to ensure workers' occupational health and safety:
 - consider forming a functioning joint management/worker OSH committee
- (VIII) set up a functioning and accessible nursing room.
- (X) provide cups or other sanitary means for drinking water.
- (X) provide workers who work standing up chairs near the workstation to rest on.



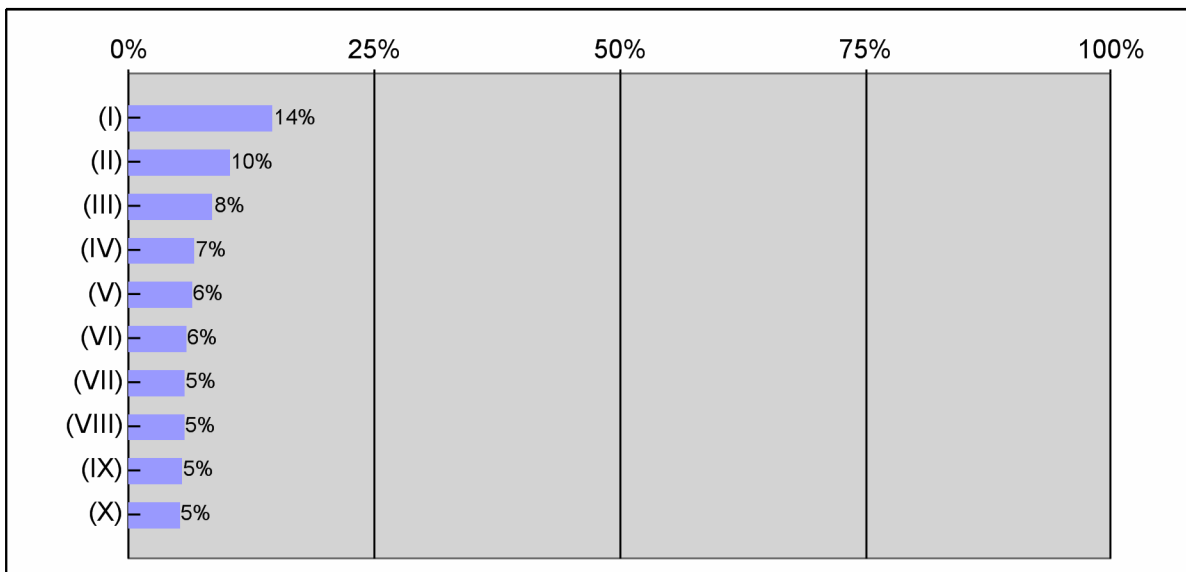
6 Progress

6.1 Top 10 Areas of Most Improvement

This graph shows the top ten areas of improvement in Cambodian garment factories. The graph compares current data (6 months to date) with data from six months ago (6 months to date). The level of improvement is measured by comparing the current level of compliance (%) with the level of compliance 6 months ago for each individual suggestion. The ten suggestions that saw the greatest positive change in percentage compliance are reflected in the graph.

This is the second consecutive report in which there has been significant improvement regarding payments by employers to cover the cost of workers' pre-employment medical exams.

Graph 5
(6 Months to Date)



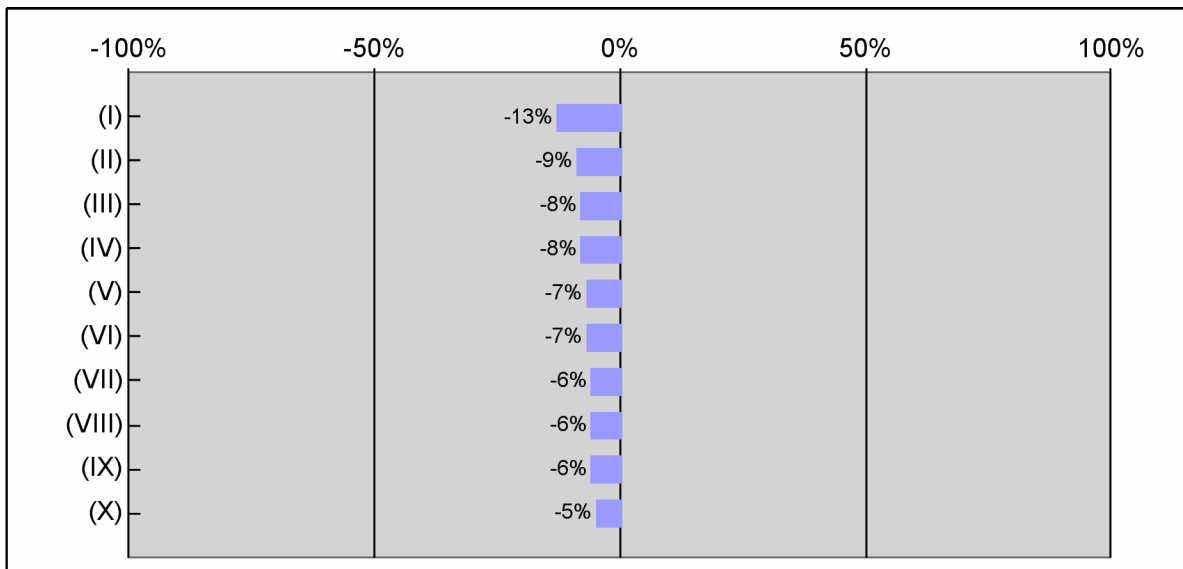
Management should:

- (I) pay for the medical examinations workers undergo before they are employed.
- (II) expand the hospitalization capacity of the infirmary.
- (III) train and encourage workers to use protective clothing and equipment.
- (IV) not unreasonably restrict workers from taking special leave.
- (V) only deduct workers' attendance bonus for days missed due to an illness certified by qualified doctor in proportion to the number of days missed during the month.
- (VI) allow workers to take their annual leave without imposing unreasonable restrictions.
- (VII) pay workers who have had work-related accidents or illnesses:
 - their wages when work-related accidents or illnesses cause them to miss work
- (VIII) pay workers who work regularly the attendance bonus of \$5 per month, and any other mandatory wage supplements, especially Casual workers.
- (IX) increase the staffing in the infirmary by
 - employing one (more) nurse
- (X) keep a detailed payroll ledger in Khmer that is easy to understand.

6.2 Top 10 Areas of Least Improvement or Negative Change

This graph shows the ten areas of least improvement in Cambodian garment factories. The graph compares current data (6 months to date) with data from six months ago (6 months to date). The level of improvement (or negative change) is measured by comparing the current level of compliance (%) with the level of compliance 6 months ago for each individual suggestion. The ten suggestions that saw the greatest negative change (or the smallest positive change) in percentage compliance are reflected in the graph.

Graph 6
(6 Months to Date)



Management should:

- (I) provide workers with masks.
- (II) provide cups or other sanitary means for drinking water.
- (III) ensure that overtime
 - does not exceed 2 hours per day
- (IV) ensure that the workplace is well lit.
- (V) keep a record of work-related accidents and illnesses.
- (VI) pay workers severance pay equal to at least 5% of the total wages paid under the contract when workers' fixed-term contracts expire or are terminated.
- (VII) ensure that overtime
 - is exceptional
- (VIII) ensure that workers undergo a medical examination before being employed.
- (IX) provide workers with gloves.
- (X) consider giving workers 7 days per year of paid special leave for events affecting the worker or the worker's family.