

World-first Information Management System

During November *Better Factories Cambodia* will begin to implement its new IMS system - a world-first information management system for monitoring and reporting on garment factories' labour compliance.

On a recent visit to Cambodia, Mr. Michael Kobori, Vice President, Global Code of Conduct, Levi Strauss & Co., had a chance to view the IMS in operation. He said, "The new IMS is a remarkable leap forward in terms of monitoring software."

The IMS is totally computerised system for compliance monitoring and reporting. The IMS enables a monitor to go into a factory, enter findings using a special tablet computer, then generate reports in multiple languages simultaneously.

The IMS also tracks factories' participation in training and remediation activities.

Ros Harvey, *Better Factories* Chief Technical Advisor explained why the IMS was developed. "We wanted to make reporting faster and more accurate," she said. "And we also wanted to make reports more accessible, particularly to Khmer and Chinese speakers. The new system will do that and more."

Working with a local Cambodian company, *Better Factories* has developed a system that can generate reports in three languages, and which has special reporting features that buyers and factories want. The development of the IMS was funded by Agence Française de Développement and fully designed in Cambodia.

Ms Harvey said that being able to view reports in multiple languages will be a great benefit. "Many factories are managed by Chinese speakers, but buyers usually prefer English and Cambodian staff prefer to read Khmer. Now everyone can read the same report in their language of choice."

Because the IMS is internet based it will also be much easier for people and organisations to get hold of reports and industry data.

The IMS continues the practice of naming factories and reporting on their progress in implementing ILO suggestions for improvement. The public will be able to access a summary IMS report for each factory on-line at the *Better Factories* public website.

Factories will be able to view detailed reports and history files from a special limited access website using a password. The factory can also give permission to a third party such as a buyer, to view these reports.

"When we were designing the system we kept thinking about who would need to see our reports," said Ms Harvey. "We imagined a situation where the factory was in Cambodia, its head office was in Hong Kong and factory sales mostly went to brands or retailers



ILO monitor using tablet PC to enter IMS information.

in the United States. Now with simultaneous IMS reporting in three languages all these different users can view the reports on-line at the same time in their preferred language."

Some of the key items the IMS will monitor are core international labour standards, wages, hours of work, leave, safety and health, welfare and labour relations.

The IMS also tracks a wide range of performance indicators for the garment industry.

The IMS will also help factories and other users to compare the performance and compliance of one factory against the industry average.

The IMS automatically writes reports in three languages, Chinese, Khmer and English "For factories, being able to compare performance will be really useful," explained Chea Sophal, head of *Better Factories* monitoring team. "Factories will be able to compare how well they perform on labour compliance compared with the average for all other factories. But more importantly, they will also be able to see how much they've been able to improve compared with previous visits. This will help them to better manage their improvement and remediation efforts."

Because the IMS collects data about the whole garment industry it will help industry analysis of problems and trends. This will make training more effective and lead to better policy and program responses.

How the IMS Works

- Step 1:** ILO monitors continue to visit factories as before, but they will now directly record results on small tablet PCs specifically designed to collect compliance data.
- Step 2:** After each factory visit, the ILO monitor will review and edit the information collected before submitting a draft report to the Chief Technical Advisor, who is head of *Better Factories*.
- Step 3:** The Chief Technical Advisor reviews and provides final approval of the draft report
- Step 4:** Once a factory report has been approved, it is uploaded to the IMS.
- Step 5:** *Better Factories* sends an email to notify a factory when its report has been finalised. Factories which do not have internet access will be sent paper copies of reports.
- Step 6:** Using a password, factories can view their own detailed reports on-line. The public will not have access to this detailed report, but a summary report naming each factory will be available through the *Better Factories* website.

Special Features of the IMS

- Easy to read graphs and new information including compliance trends, employment figures for the garment industry, and progress made on improving working conditions
- Simultaneous reporting in three languages: Chinese, Khmer and English
- Web-based - Easy to access, and always available
- Users will be able to compare performance against the entire industry
- Reporting tailored to user needs, enhanced security, greater transparency
- Automatic generation of reports for individual factories showing current compliance, progress over time as well as suggestions for improvement
- Stores data on training programs and can track factory participation

Famous TV stars in factory soap opera



Some of Cambodia's most famous TV personalities, including Nhem Sokun, Un Phallika, Ork Somarima, and 'Chheut', have recently starred in a series of soap operas produced by *Better Factories Cambodia*.

The soap operas, designed to be shown to factory workers, help explain workers' rights and responsibilities in Cambodia.

Mr Conor Boyle, Assistant Program Manager, *Better Factories*, explained why soap operas are effective, "Many workers in garment factories have limited education, and often have never worked in a factory before. The soap operas are a great way to communicate information".

The soap operas will be screened to workers as part of the *Better Factories* training program. Topics covered in the dramas include information on basic rights, dispute resolution, and ways to manage workplace problems.

The soap operas are funded by Gap Inc. Foundation.

News and events

ILO to study concerns of women in the garment sector

A joint research project funded by NZAID, the World Bank, and UNIFEM is to conduct research on women in the garment sector.

The research, which will be conducted by CARE, will survey 1,000 female garment workers and managements. The results will be used to help *Better Factories* improve its monitoring, training, and remediation work.



Women garment workers outside factory in Phnom Penh. Their concerns to be studied in ILO/CARE research.

“Women are the backbone of Cambodia’s most important export earning industry,” said Ros Harvey, head of *Better Factories Cambodia*.

“This research will help us understand women’s concerns in the workplace, and how to address them, so that women workers can continue their vital contribution with dignity and well-being,” Ms Harvey said.

The research will look at the following areas:

- Breastfeeding and childcare
- Harassment, including sexual harassment
- Health status related to occupational safety and health
- Personal security
- Workplace cooperation and dispute resolution

The study is expected to be completed by mid-2006.

New appointments

Ms Yun Sokha recently joined *Better Factories Cambodia* as an Administrative Assistant to the Training Unit. She brings practical experience to the training team as she was formerly a Factory Compliance Officer and Administration Assistant for United Faith Garment Factory Co. Ltd.

Ms Pen Sokunthea joined *Better Factories Cambodia* and the *Labor Dispute Resolution Project* as a Receptionist. Sokunthea has significant industry experience as she has previously worked for three different garment factories in Cambodia over the past seven years.

USAID gives \$1.8 million funding to ILO projects

Two ILO projects, *Better Factories Cambodia* and the *Labor Dispute Resolution Project* will together receive US\$1.8 million over 3 years from the United States via USAID funding. *Better Factories* is to receive one third (\$600,000) of the total funding.

Better Factories Cambodia and the *ILO Labour Dispute Resolution Project* are recognised worldwide for their successful results in the fields of improving work conditions, labour standards and industrial relations.

The USAID funding for the two projects follows the release of a number of reports which attribute Cambodia’s strong export performance in 2005 to work done by the ILO to improve working conditions.

The US ambassador to Cambodia, Mr Joseph A. Mussumeli recently commented that “the remarkable growth in Cambodia’s garment sector in recent years came not at the expense of human rights but precisely because Cambodia carved out a

niche for itself as a proponent of labour standards” Funds provided by USAID to *Better Factories Cambodia* will be used to:

- Further develop the ‘IMS’ information management system (see report, page one)
- Provide training on workers’ rights and responsibilities
- Ensure *Better Factories Cambodia* is sustainable after 2008 when it is handed over to local management

Christine Evans-Klock, Director of the ILO’s Sub-Regional Office for East Asia, which includes Cambodia, said “Improving working conditions and supporting compliance with national labour laws and international standards is at the heart of the ILO’s mission. It is crucial to alleviating poverty in one of the poorest countries in the world. We are delighted to receive this support from USAID and that this important work will continue in partnership with the Ministry of Labour, CAMFEBA, GMAC, and labour unions”.

Export growth thanks to good working conditions

A new global report by ILO Geneva on the textile and garment industry attributes Cambodia’s strong export performance in 2005 to its reputation for good working conditions.

According to the report ‘Promoting fair globalisation in textiles and clothing in a post-MFA environment’, Cambodia’s reputation for good labour standards gave Cambodia a competitive advantage which protected exports when the MFA quota system ended.

The report says that, “thanks largely to its original ‘Better Factories Cambodia Project’ ... much of Cambodia’s garment industry has successfully survived the end of the global quota system”.

The report follows the release of surprise figures in the 2nd quarter of 2005 which showed that exports had unexpectedly increased compared with the previous year (see last edition of this newsletter).

The report did however issue a cautionary note regarding increasing pressure on trade unions. According to the report, there was a risk in future that erosion of union rights “risks tarnishing the country’s good reputation with foreign investors”.

The full report is available to download from www.betterfactories.org/ilo

Government and GMAC agree to fund Better Factories

The Government and the Garment Manufacturers’ Association in Cambodia (GMAC) recently signed an agreement to continue to fund and support *Better Factories Cambodia*.

The agreement which was signed jointly by the Royal Government of Cambodia, GMAC and *Better Factories*, is an important step forward for Cambodia’s garment and textile sector.

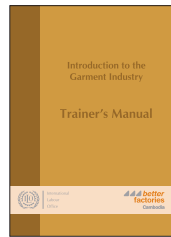
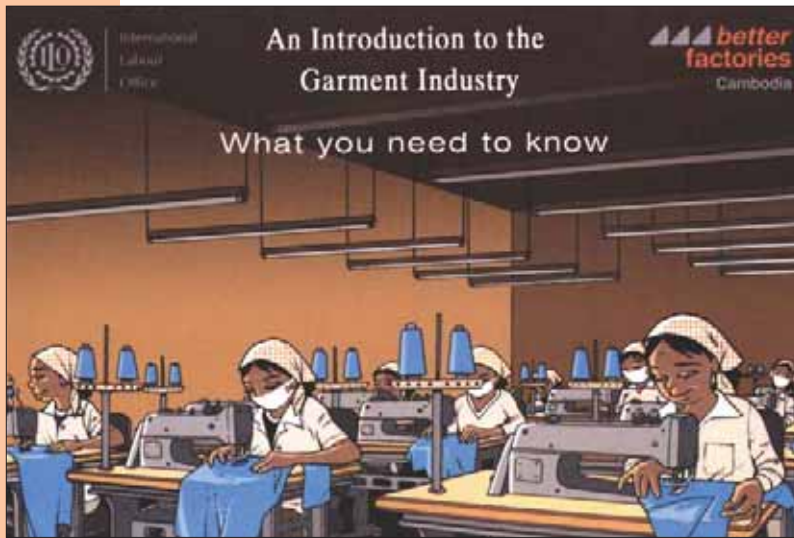
Under the terms of the agreement, the Government and GMAC have agreed to provide an increasing level of funding to *Better Factories Cambodia* until the end of 2008. The agreement also outlines a transition plan for *Better Factories Cambodia* which will enable it to become a fully self-sustaining organisation by the year 2009.

The agreement with the Government and GMAC follows on from the recent decision by international buyers to provide funding support to *Better Factories Cambodia* (see last edition of this newsletter). In a new development, the two main union confederations in Cambodia have also agreed in principle to contribute funds to *Better Factories*.

Total funding to *Better Factories* from the Government, GMAC and international buyers will now be US\$600,000 per year for the next three years.



Information resources



Induction Training Kit

Better Factories Cambodia has just developed an **Induction Training Kit** to help train new workers about their rights and responsibilities in the workplace.

The Induction Training Kit consists of a short video, a comic book, plus a trainer's manual.

The kit is available in both English and Khmer and covers eight key topics:

1. Definitions - Who is an employee? Who is an employer?
2. Worker recruitment
3. Employment contracts
4. Working conditions
5. Freedom of association
6. Occupational safety and health
7. Obligations and responsibilities of workers
8. Labour dispute resolution

Information about the Induction Training Kit is available online in Khmer, English and Chinese at www.betterfactories.org/ilo

Better Factories will be conducting training courses on using the kit for Human Resource Managers. Please contact us if you are interested in participating at betterfactories@ilo.org

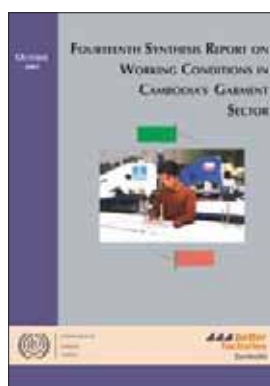
Better Factories Cambodia website now in Chinese

Better Factories website now makes information and research on Cambodia's garment industry available in three languages: Chinese, Khmer and English.

The **Better Factories** website is now in Chinese, in addition to Khmer and English. The Chinese language website is expected to be particularly useful for the large number of factories that have Chinese speaking management.

The **Better Factories** website provides information for people interested in the Cambodian garment sector, plus links through to many of the ILO's other resources, such as the Chinese translation of the guide to Cambodian Labour Law.

Resources in Chinese at www.betterfactories.org/ilo



14th & 15th Synthesis Reports on Working Conditions in Cambodia's Garment Sector

Better Factories Cambodia released its 14th and 15th Synthesis Reports in October 2005.

The 14th and 15th Synthesis Reports together cover 70 factories with a combined workforce of nearly 80,000 people. The Reports document the progress made by those factories to improve working conditions in areas which had been previously identified by **Better Factories** as requiring attention.

All Synthesis Reports are available to download from www.betterfactories.org/ilo under the heading 'Publications and Reports', and are also available from the **Better Factories** office.

English and Khmer versions available. Free.

International judge to assist Cambodian Labour Law review

The highly respected industrial relations jurist, Chief Judge Colgan of the New Zealand Employment Court will work with the ILO to help the Cambodian government in its forthcoming review of the Labour Law. Chief Judge Colgan will chair the first of two tripartite national conferences to discuss changes to the Labour Law. The conference will be held over two days on 13-14 December 2005.

Chief Judge Colgan will also work with the ILO in the legal drafting process scheduled to take place in the lead up to the second national conference on the review of the Labour Law in the first half of 2006.

A paper entitled 'Issues for the Revision of the Labour Law' is currently being finalised to be released prior to the first national conference on the Labour Law. This issues paper will be used to inform public discussion and to make recommendations on areas of the Labour Law which may require revision.

Email enquiries regarding the issues paper can be sent to Mr. Kuch Kimlong at kmlong@ilo.org.

A guide to the current Cambodian Labour Law is available from Better Factories Cambodia in English, Khmer and Chinese.

How to order

All hard copies can be ordered from the ILO Better Factories Cambodia project. Orders can be delivered free of charge within Phnom Penh. Orders from outside Cambodia must cover their own postage costs. Bulk orders of more than five copies will receive a 20 per cent discount.

To request books and materials, contact:

ILO Better Factories Cambodia
#9, St 322, Beng Keng Kang 1 - Phnom Penh, Cambodia.
Tel: (855-23) 212-847 - Fax: (855-23) 212-903 - Email: betterfactories@ilo.org



Sears to rely on Better Factories monitoring

Sears recently made a decision to rely exclusively on *Better Factories Cambodia* for all its compliance monitoring.

Sears' decision follows an 18 months review period in which they assessed *Better Factories* performance and the quality of its compliance monitoring.

"In my opinion," commented Mr Ian Spaulding, Sears Holdings' Director of Global Compliance, "the *Better Factories Cambodia* Project is good. And it's getting better each day."

Mr Spaulding also spoke positively about *Better Factories* compliance monitoring. "In regard to their monitoring, we think they are as good as if not better than other monitoring organisations, including internal compliance monitors from the major brands."

One of the main reasons why Sears decided to rely exclusively on *Better Factories* was to avoid duplication of compliance monitoring.

According to a World Bank survey conducted in 2004, in addition to *Better Factories* compliance monitoring, some Cambodian factories face 30-60 audits per year.

As well as adding costs, duplication of compliance monitoring can create other problems.

"Every large international buyer should ask themselves, 'Does our own compliance monitoring program add any value to what *Better Factories Cambodia* already does?'"

"Instead of fixing problems," commented Mr Spaulding, "many factories spend all their time worrying about the next compliance monitoring visit."

The introduction of the new IMS system (see story page

one) in early November may encourage other buyers to rely exclusively on *Better Factories* for compliance monitoring.

The IMS system is expected to speed up the reporting process as well as providing more consistent, higher quality information which will always be accessible to authorized users over the internet in three languages.

"Every large international buyer should ask them-



selves, 'Does our own compliance monitoring program add any value to what *Better Factories Cambodia* already does?'" Mr Spaulding said.

At present, Sears is one of several international buyers, which rely exclusively on *Better Factories Cambodia* for compliance monitoring. It appears likely that others may follow Sears' lead in the near future.

Special Training Seminars in December & January

Better Factories Cambodia offers training seminars on important issues for garment factories. The seminar topics are chosen on issues, which are likely to benefit both factories and workers. Seminars are highly participatory and usually run from one to three days, depending on the topic.

For full details of the *Better Factories* 2006 training program visit www.betterfactories.org/ilo.

Seminars for December and January

Seminar	Description	Language	Who can participate	Duration and dates	Venue
Workplace cooperation	Helps workers and managers resolve issues through consultation. Each factory designs a Factory Improvement Plan at the end of the course.	Khmer & English	4 Management and 4 Union representatives from each participation factory based in Kompong Som.	2 days (7-8 December 2005) + 1 day follow up visit to factory (9 December 2005)	Kompong Som (venue to be determined)
First Aid training	Practical First Aid skills through demonstrations, hands-on practice and simulation exercises. Expert trainers from Cambodian Red Cross teach the course.	Khmer	Cambodian workers/super-visors with First Aid responsibilities. Course only available to factories participating in Remediation Modular Program.	Group A: 23-24 January Group B: 26-27 January	VBK Training Centre #28, Street 80 Phnom Penh

In the news

"The Rag Trade Patches up its Image" - *Better Factories Cambodia* applauded for its groundbreaking role in compliance monitoring - *Financial Times*, 13 September 2005

Financial Times article describes how the ILO's *Better Factories Cambodia* initiative has improved working conditions and increased sales. The international garment trade is said to be looking to the Cambodian model for use in other countries. Credibility of monitoring is cited as an important reason for the success to-date of *Better Factories* monitoring.

URL: <http://news.ft.com/cms/s/62821506-23fb-11da-b56b-00000e2511c8.html>
(full text available to subscribers only)

"A stitch in time" - South East Asian garment manufacturers now likely to face less competition from China than expected *The Economist*, 10 September 2005

The Economist reviews the decision by the US and the EU to reapply quotas on some Chinese garment exports, and notes that it is expected to benefit South East Asian garment manufacturers. The ILO's *Better Factories Cambodia* compliance monitoring is said to be a hit with international garment buyers, such as Gap Inc. clothing. Cambodia's focus on improving working conditions is said to have helped Cambodian producers to differentiate themselves and to avoid competing with China on price.

URL: http://www.economist.com/displaystory.cfm?story_id=S%26%29HL%2FRA%3F%21%0A
(full text available to subscribers only)

New Training Program

A new round of the *Better Factories* Remediation Training Program starts early 2006.

The Remediation Training Program is divided into individual 'modules', each of which focuses on a particular topic. Modules usually requires one to two days of classroom training plus an extra day for follow-up.

Participants who recently completed the 2005 module on 'Occupational Safety and Health' have found the training very useful.

A factory manager who participated in the program said that, "this training is good for everybody. The factory benefits because healthy workers are more productive. Plus the factory does not have so many injury payments to make. Also the workers benefit because they feel better, and they don't have to spend money on medicine."

Modules run to date in 2005 have included Workplace Cooperation, Quality, Occupational Safety and Health, Productivity, and Human Resources.

More information on training and a full list of courses can be found at www.betterfactories.org/ilo



This newsletter is produced quarterly by ILO Better Factories Cambodia with funding from the Agence Française de Développement.
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