

Multistakeholder Initiatives: Cambodia Case Study

Addressing social issues like child or even slave labor in developing nations is a complex undertaking. Direct corporate-NGO partnerships may be limited in scope to make much difference, but multifaceted approaches involving deep cooperation with a large number of crucial players at the table may be exactly what is needed.

While multistakeholder initiatives are some of the most complicated forms of collaboration to get off the ground, they can also be among the most successful. Take, for example, the challenge of improving labor conditions in one nation. You can find few better examples than the Better Factories Cambodia project, established in 2001 by the International Labor Organization (ILO).

Better Factories Cambodia grew out of a trade agreement between the United States and Cambodia in which the United States promised better access to its consumer market in exchange for improved working conditions in Cambodia's garment sector. Governments in this case undoubtedly set the initial framework and gave the first push. NGOs, trade associations and unions have since helped to devise a program of implementation.

Better Factories Cambodia relies on unannounced factory visits that review more than 500 compliance items determined by consensus among Better Factories Cambodia collaborators. After these visits, managers receive a monitoring status report listing specific steps and suggestions to bring the factory up to standards. Trends and overall progress are then publicly reported.

Better Factories Cambodia has pioneered innovative tools, including Web-based software, to conduct factory monitoring that assures safe workplaces in alignment with internationally accepted standards and practices. It has done so in a way that has brought immediate benefits to workers and employers, but the road has been a bumpy one. When Better Factories Cambodia was launched, the concept of "compliance monitoring" of labor conditions was new to Cambodia. However, with time, important institutional players have come to appreciate the process, and people have found their proper positions and roles.

Warming up to cooperation

The Garment Manufacturers Association of Cambodia (GMAC) helped fund Better Factories Cambodia in conjunction with The World Bank, the Government of Cambodia and brand-name wholesale buyers such as Gap Inc. and Nike. Still, GMAC's local member companies were slow at first to embrace Better Factories Cambodia.

"There will always be resistance to this kind of project, as it means more audits and increased human resource and financial requirements," said Ken Loo, GMAC secretary general. To reduce duplication in compliance audits and to increase reliance on the ILO's monitoring reports, commitments were needed from company buyers, who have long relied on their own efforts to assure their own proprietary workplace standards. According to Loo, factories have slowly come to realize "that this type of collaboration helps to reduce the pressure on factory management by ensuring that each factory is audited less often." Less frequent audits mean less distractions, more standardized processes and more free time for other aspects of business.

All parties are now seeing returns on the areas that matter most to them. Manufacturers are keen to note that the Better Factories Cambodia effort has provided them with greater exposure to international buyers now willing to give Cambodia a chance as a source country.

Workers also appreciate the Better Factories Cambodia effort. Sam Srey Mom, vice president of the Free Trade Union Working for the Kingdom of Cambodia, pointed to clear advances on the occupational health and safety front, as well as regarding environmental issues. "It was definitely more effective to work with private companies directly, rather than to work just with the government alone," said Mom. "Since employees work for the employer, it is simpler and better for them to talk to resolve any issues to their mutual benefit."

Better measures and better results

So far, Better Factories Cambodia has created a systematic, industry-wide and quantitative monitoring process that provides timely compliance reports for the industry as a whole and for individual factories at the same time — a first. The monitoring process serves as a way to measure impact and as a business-development tool that gives industry players and observers a wider view on industry trends. It also provides a formidable platform for companies to develop individual factory improvement plans. As Tuomo Poutiainen, chief technical advisor to the Better Factories Cambodia, reports, "This all plays into the hands of buyers and manufacturers interested in investing into more privileged business relationships and in improving their ability to produce competitively. Simultaneously, the project continues to provide a mechanism to maintain higher labor standards for the industry as a whole." The program also offers training and capacity building that helps committed factory owners improve working conditions and enhance productivity.

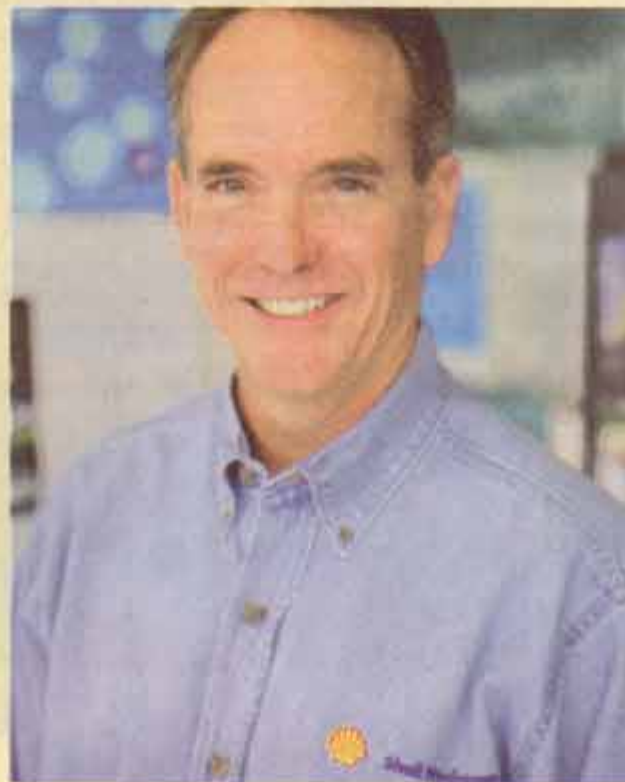
"The project is by no means perfect," continues Poutiainen. "We continue to discover areas of improvement that most every day. We want to make sure that the tools that we use are user friendly, that the process we apply is nonpartisan and objective and, most important, that users of the system feel they can trust the monitoring process."

What may prove to be the real success of the project is the multistakeholder alliance itself. "Better Factories Cambodia has been instrumental to talk and share views, no matter how far apart they were in perspectives," said Poutiainen. "These discussions have provided greater clarity on many compliance issues and paved the way for different parties to discuss, in a more formal basis, survival issues, such as minimum wage." In light of Better Factories Cambodia's success, the ILO recently launched, in collaboration with World Bank, a global version called Better Work that will take the lessons from Cambodia and expand them to more countries.

According to Poutiainen, "The project has translated international standards and national labor law into concrete compliance situations and actions at the factory floor. It is the combined use of advocacy and training, with intense and thorough scrutiny of working conditions, that has made the difference." □



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