

Announcement

- 1 The Government has decided that improved labour standards is a key element of the country's development strategy. The International Labour Organization is pleased to be a partner with the Government and its constituents in this endeavour. This fits closely with the ILO agenda of Decent Work as the key to poverty reduction.
- 2 A sustainability strategy and vision for the ILO Better Factories project has been agreed. Better Factories Cambodia will continue with ILO involvement until 1 January 2009 at which time it will become a Cambodian body.
- 3 Essentially Better Factories Cambodia will build on its independent, credible and transparent monitoring system. It will complement this with strong industry support built on improving workplace cooperation between management and unions. International buyers are an important stakeholder as they use monitoring and remediation information to support their sourcing decisions. This is an important market mechanism to provide an incentive to firms to improve labour standards.
- 4 The Royal Government of the Kingdom of Cambodia, the Garment Manufacturers Association of Cambodia, and unions support the strategy for the sustainability of Better Factories Cambodia.
- 5 Some of Cambodia's key buyers have shown strong support for Better Factories Cambodia and have indicated a willingness to coordinate and strengthen the unique monitoring and remediation system.
- 6 There will be a three year transition period (2006 - 2008). A funding package has been agreed which will secure the future of Better Factories Cambodia. This is built on the principle of sustainability. The Royal Government of the Kingdom of Cambodia and the Industry will increasingly pick up the costs of monitoring until self-sufficiency has been achieved from 1st January 2009. The World Bank will provide additional funding, possibly together with other donors such as USAID and NZAID, in the transition period. Agence Française de Développement is providing a significant contribution to develop a

world-first web-based information system, extend industry remediation services and promote the project activities.

7 Government has agreed to:

- Require factories to continue to register with the project for independent monitoring;
- Ensure that the labour law applies in its entirety in Industrial Processing Zones;
- Examine areas of possible duplication between the ILO's monitoring role and that of the Ministry of Labour's inspection services in garment factories. However all parties recognize that it is critical to have strong functioning labour inspection services. ILO Better Factories Cambodia complements, and does not replace, this;
- Participate on tripartite governing body of the new executing agency;
- Continue to pay a share of monitoring costs;
- Work with the ILO to seek funding for a three year transition period for the Labour Dispute Resolution Project which includes support for the Labour Arbitration Council to ensure its sustainability.

The Royal Government of the Kingdom of Cambodia, through the Minister of Commerce, H.E. Cham Prasidh, has also asked the ILO to provide assistance, and to work together with the Government, on a program to educate the judiciary, police, employers' and workers' organizations, and the community on rights and responsibilities in relation to freedom of association and collective bargaining. The ILO will work with the Government to identify a donor partner to work on these important initiatives.

In addition the Ministry of Labour and Vocational Training has asked the ILO to provide technical assistance for a review of the labour law in a process of consultation with the social partners and other stakeholders.

8 Unions have agreed to participate in the in tripartite governing body of the new executing agency and actively consider providing a financial contribution to Better Factories Cambodia.

9 GMAC has agreed to:

- Participate in Participate on tripartite governing body of the new executing agency;
- Continue registration of its members in the monitoring program and the public reporting;

- Continue partially financing the monitoring program together with the Government and the buyers if supported by a Prakas.

10 The success of this endeavour will rest on the good will of all parties. In particular the parties will want to see:

- Reduction in the duplication of monitoring particularly by buyers;
- Improved quality, productivity and working conditions and documentation of this;
- Improved business environment, trade facilitation and reduced costs of doing business;
- Continued support from buyers through sourcing from Cambodian factories;
- That unions, employers and Government respect and adhere to their rights and responsibilities as set out in the Cambodian labour law.