



**Exempt from growth?**  
**The impact of trade liberalization on**  
**women in the Cambodia garment Industry**



**Prepared for the Gender and MDGs Project**

**October 2004**

**A Project of UNDP/UNIFEM**  
**implemented in Partnership**  
**with **SILAKA****





**Exempt from growth?  
The impact of trade liberalization on  
women in the Cambodia garment Industry**

**Prepared for the Gender and MDGs Project**

**October 2004**

**by: INGRID FITZGERALD**

United Nations Development Fund  
for Women (UNIFEM)



## ADDENDUM

*The impact of trade liberalization on women in the garment sector  
Multi-stakeholder policy dialogue  
Friday January 14, 2005*

### SUMMARY OF OUTCOMES

A multi-stakeholder policy dialogue involving government agencies, donors, garment industry representatives and garment workers met at Phnom Penh's Sunway Hotel on Friday 14 January 2005 to discuss likely impacts of trade reform on women garment workers. The meeting, jointly convened by the Ministry of Women's Affairs, the Ministry of Labor and Vocational Training, UNDP and UNIFEM was hosted by visiting UNIFEM Executive Director of UNIFEM, Dr Noeleen Heyzer.

Speakers at the forum included Dr Heyzer, Ms Ricarda Reiger Deputy Resident Representative, UNDP, HE Mr Nheb Bunchin, Minister for Labour and Vocational Training, HE Sok Siphana from the Ministry of Commerce, and representatives from donor, research and NGO organizations, garment workers and the garment industry.

Policy dialogue participants identified a number of important policy contexts at the national and international level. These include the RGC's Rectangular Strategy, Neary Rattanak II, the new five year strategic plan for women, and the action plan on gender currently being developed by the Technical Working Group on Gender. In addition, the Millennium Development Goals, and international agreements and frameworks such as CEDAW, the Convention on Violence Against Women, and Beijing Plus 10, all provide an important context for this issue.

There was clear agreement that the future of the garment sector is a critical issue for Cambodia, in particular for women's economic empowerment, poverty reduction and gender equity.

However, participants also stressed the need to focus not only on women in the garment sector, but also on women in other sectors and industries, including women in the informal sector. Indeed, participants agreed that there is a need for a much stronger focus on the informal sector, and EIC and ILO are currently conducting research on decent work in the informal economy, which may offer a good starting point for examining issues for women working in the informal economy. In addition, participants called for a strong focus on decent work for those in the formal and informal economies.

While a number of participants stressed that the situation was unlikely to result in the worst-case scenario of mass redundancies, it was generally agreed that there is a need to plan for risks women may face, and to generally take a risk management approach.


A strong interest in and commitment to engaging in ongoing dialogue involving a range of stakeholders, which would provide a forum for different views, ensure action is taken to address the needs of women garment workers, and monitor progress.


Participants also expressed support for an approach which recognizes that government, donors, the garment industry, buyers and workers share joint responsibility for investment in planning for and funding of support and training services for workers, including those made redundant. The impact of trade liberalization on women garment workers is an international issue, and the future of the Cambodian garment sector will in large part be determined by international events as well as national responses. For this reason, participants agreed that it would be most worthwhile to involve international representatives of different interest groups (such as buyers) in future dialogues.


## A BRIEF OVERVIEW OF SECTORAL RESPONSES FOLLOWS.

### GOVERNMENT


Government representatives discussed a number of relevant government initiatives. These include:


 The Ministry for Labour and Vocational Training has prepared a plan of action on HRD, and is also focusing on monitoring labour law compliance. In addition, the MLVT is responsible for developing a comprehensive labour strategy. The MLVT invites input from UNIFEM into its work on labour strategy, in collaboration with MoWA. The strategy aims to increase local demand in order to generate employment, and to increase the number of trained and skilled workers in the workforce, in particular in the agricultural sector.


 The Ministry of Women's Affairs is upgrading Women's Development Centres to deliver vocational training to women. This will include life skills, entrepreneurship skills, business training and access to micro-credit.


 The Ministry of Commerce noted that the ADB, MoWA and GMAC and ILO have signed an MOU to provide training to garment workers through the Garment Training Centre. This training program aims to certify new workers and provide them with the basic skills to get a job, without having to pay a middleman to find them a job. ADB has increased funding for this initiative. In addition, funding has been secured to enable the ILO to continue monitoring labour conditions in factories which is very important to support branding initiatives. MOC also noted that AFD is establishing social services near factories to enable women workers to care for their children. They are also establishing a design fashion centre to add value to the industry. In addition, the Cambodian government is lobbying the US to grant duty free access to the US market and enable Cambodia to compete with China and Bangladesh. As larger factories will consolidate and deal with buyers in a block, smaller factories with 300-500 workers will be most at risk, so it will be important to work with them to cluster them to enable joint representation to buyers. Finally, the MoC is also undertaking economic needs mapping in provinces to look at markets and match markets to skills.

### RESEARCHERS, NGOs AND CIVIL SOCIETY ORGANIZATIONS


 The Economic Institute of Cambodia noted that in fact the garment sector has been undergoing some transition since 2000. The number of new jobs in the sector peaked in 2000 and has been falling since then, with 70% of exports already outside the quota system. As job creation has already slowed down this is not a new issue. China is unlikely to want to compete on low profit products such as shirts and blue jeans, so if good governance improves there should be little cause for concern. It will also be important to look at other sectors, including the informal sector, where women's rights are even less well protected.


 Oxfam Great Britain pointed out the need for multi-stakeholder committees to implement plans and monitor any impacts, the importance of enforcing national labour laws, in particular those on retrenchment if mass redundancies occur, and the need for retraining and job-search assistance for workers. In addition, Oxfam pointed out that corporate responsibility is about responsibility, not just branding, and noted that lack of female representation in most union structures means lack of voice for women workers. Oxfam urged participants to take urgent collective action to ensure continued employment and decent work.

 PADEK is piloting a key initiative targeting garment workers. PADEK was originally approached by a group of workers who were interested in leaving garment factory work, and the pilot involves 88 workers in 9 self-help groups. There are four key elements: self-help groups to encourage savings; enterprise, educating workers about how to set up their own businesses; skill development to enable them to set up their own businesses, for example in dress-making and beauty; and access to micro-credit. Key issues identified to date are that long-term investment is required to enable women to develop the skills they need, as there is no income to support them while they are doing the training. Women are rightly worried about the future of the industry. They are bright and have plenty of endurance, and the potential to blossom. There is a unique opportunity to invest in these women - Cambodia owes these women a lot and supporting and retraining them is more productive than allowing them to be unemployed and at risk. Two key initiatives were proposed by PADEK: study the skills needed by the market right now and establish a fund for retraining and employment with support from the RGC, buyers, employers and donors.

 The ILO noted that the costs of corruption are estimated to be from 6-15% of total income, while wages account for 15% of factory costs. Most factory owners would happily give the money they spend on corruption to garment workers. While ILO monitoring continues in factories this does not mean that breaches do not occur. In addition, women are very vulnerable indeed outside factories, for example, they risk being robbed of their pay, and the culture of fear which women describe is quite real. In addition, the issue of compliance with labour law, protection of unionists and rights for workers needs to be seen in the wider context of the need to strengthen the rule of law in Cambodia. This could be a useful way to view and position the garment sector issue. The ILO is working with top buyers and noted that buyers have indicated that they will continue to buy in Cambodia, precisely because of good working conditions. For this reason, protection for workers is critical to ensure a productive and viable garment industry.

## THE GARMENT SECTOR

 Garment workers spoke about their experience in detail. The high cost of living drives women to seek employment to support their families. This includes the costs associated with privatization of services such as health and education. The costs of farming have also increased and some families cannot afford inputs. High levels of debt also contribute to pressure on rural families. For these reasons young women discontinue their education, and leave their homes and families to work in garment factories in the cities. Workers experience pressure to work overtime to increase their income, and in order to avoid losing their jobs. They report that the labour law is not enforced and there are no unions in some factories. They are also fearful about risks outside the garment factory, including robbery, kidnapping harassment and rape. Currently, workers are very fearful about losing their jobs and the uncertain future of the garment industry. Their major concern is their families at home who rely on their income. They are also concerned about receiving the benefits they are entitled to if they are made redundant. In the new post-WTO environment they expect to see more part time work, and new contracts, with lower wages.

 Garment manufacturers stressed the need for reform to remove the cost barriers to doing business in Cambodia. The only way to deal with reduced prices is to ensure higher productivity, and this is the responsibility of both workers and factory management who need to work together, to resolve disputes and ensure that garment factories are more competitive. GMAC also noted that orders are full for January and February, but March is much less certain.

## EXECUTIVE SUMMARY

*[T]he 'successes' of trade policies must be evaluated .... in terms of whether they further desired social outcomes such as equity, social inclusion, freedom from poverty, development of human capabilities, protection of human rights, democratic governance and environmental sustainability (Cagatay 2001: 3).*

In 2005, quotas which have protected the garment sector will end and Cambodia will join the WTO. While predictions about the future of the garment industry vary it seems likely that some factories will close, while others will consolidate or move off-shore. Large-scale redundancies are predicted by some commentators, affecting up to 50,000 workers.

The garment sector is the main source of paid employment for Cambodian women with an estimated 180,000 female employees who support families of 4-9 people each. An estimated 1.5 million people are supported by the garment sector, including in informal sector jobs that support the industry. Most garment workers are young women from rural areas. Risks for women workers of changes in the industry differ to those faced by male employees, and include entry into sex work, migration within Cambodia and overseas, and lack of access to skilled employment as the sector restructures.

The RGC and donors have introduced large scale interventions designed to improve the competitiveness of the garment industry, including by reducing costs and increasing productivity. However, the extent and pace of these reforms is still uncertain. In addition, some donor and NGO initiatives are in place to support workers affected by the changing trade environment, including pilot projects designed to support women workers through the transition period.

UNIFEM, through the Gender and MDG project, commissioned a paper to examine the gender specific impacts of trade liberalization in the garment sector, review current and planned interventions to determine what else might be needed to support women workers, and develop additional indicators under MDGs 1 and 6.

Desk research and consultations with key agencies identified that in a worst-case scenario, up to 50,000 workers and 20,000 households may be affected by changes in the garment sector. Income support and skill development is required to support women workers through the transition period, and enable those made redundant to gain employment in other sectors or in more skilled jobs in the garment industry if these open up.

There is considerable interest and activity among NGOs, donors and the RGC in the future of the industry, and in support for women workers. Initiatives targeting women workers include Government and donor projects designed to deliver skills training, create opportunities for alternative employment, develop income support and assist women to access micro-credit.

However, many current and planned initiatives targeting women garment workers are embryonic or small scale in nature. Critical gaps include industry-wide initiatives to deliver income support and social safety nets, access to training and accreditation of current skills for workers, and opportunities for alternative employment. Increased national investment in SME development for women, and in vocational education for working-age women is also required.



In addition, research is required to develop more accurate data about the size and composition of the informal sector that supports the garment industry. Other potential interventions include a joint initiative between the Ministry of Women and the Ministry of Labor and Vocational Training to create linkages between the WDCs and Provincial Training Centres and promote vocational education for working age women (for example by piloting recognized prior learning for women garment workers); a social marketing campaign to promote women's economic contribution and counter the stigma attached to employment in the garment sector; and a project to re-train women workers to enter the tourist industry.

The impact of changes to the garment sector, and the way these are managed and any negative affects ameliorated will be a critical test case for Cambodia in poverty reduction, and gender equity. Specific indicators are required to track and evaluate the impact of these changes and any planned interventions to support female garment workers on gender and development and poverty reduction in Cambodia. Key indicators required to track and map these impacts include the exit destinations of garment workers and poverty levels of garment sector workers and their households; poverty levels of 15-24 year old women and their households, and their employment status; a more detailed breakdown of women in self-employment; female participation rates in formal and informal vocational education, and internal and external migration rates for women seeking work.

Further detail about suggested interventions and possible indicators is included in the body of this report.



## I INTRODUCTION

*Trade policies have different consequences for women and men because their economic and social status differs (Oxfam International 2001: 19).*

*[G]ender analysis is essential to the formulation of trade policies that enhance rather than hinder gender equity and human development (Catagay 2001: 3).*

On 1 January 2005, the Multi-Fibre Agreement (MFA) quota system, which has protected Cambodia's garment sector from international competition and facilitated significant growth in the Cambodian economy, will end. At the end of 2004, Cambodia will accede to the World Trade Organisation. The opening of Cambodia's most successful industry, responsible for generating up to 93% of exports<sup>①</sup> and more than 200,000 jobs, to international competition will have a dramatic impact on national growth, with consequences for women's employment, poverty levels and social stability in Cambodia.

Apart from agriculture, the garment sector is the major employer of Cambodian women, and the main source of waged employment in a narrow, highly segregated labour market. Around 180,000 young women work in garment factories in and around Phnom Penh. Most are aged 18-24 and have migrated from rural areas to escape poverty and earn a living wage. They remit a substantial amount of their earnings to support families of up to 4-9 people per household. An estimated 1.5 million people depend on the garment sector for their livelihood.

The Royal Government of Cambodia (RGC) has developed a National Poverty Reduction Strategy (NPRS), and a Pro-Poor Trade Strategy, designed to harness the benefits of trade and economic growth for poverty reduction. The RGC views WTO accession and trade liberalisation as key to improving growth and alleviating poverty in Cambodia.

It is widely recognised that poverty alleviation and reduction strategies that target women have potentially greater impact than those which target men. Women are over-represented among the poor, and improvements in their health, education and economic status can make a significant difference not only to women themselves, but also to their children (Beresford et al 2004: 57). However, trade policy is not always developed with the specific needs or interests of women in mind, nor is it informed by an analysis of the effects of different policy approaches for women, such as the potential impact on women's livelihoods and working conditions, or the way women's choices and options may expand or narrow as a result of policy decisions.

A gender analysis of the impact of changes in trade policy in Cambodia is needed to inform and support successful implementation of the National Poverty Reduction Strategy and Cambodia's Millennium Development Goals (MDGs). The need for such an analysis was identified in the recent gender assessment conducted by the Ministry of Women's Affairs in June 2004 (UNIFEM et al 2004a).

While views about the extent and nature of the impact of end of the MFA and WTO accession vary, there is a general consensus that there will be significant change and possibly turbulence in the

<sup>①</sup> According to the ADB Asian Development Outlook 2004, the garment sector generated 80% of exports in 2000-2001. In a recent speech (12 August 2004), H.E. Cham Prasidh, Sr. Minister, Minister of Commerce, put the figure at 93%.



garment sector in Cambodia. It is likely that a percentage of factories will close, the industry will consolidate into fewer, larger factories, and some firms may move offshore. More positive indications are that some factories are expanding, new firms are opening, and new international investment in textiles is on the horizon (Salinger 2004: 6). However, there is general agreement that unless measures are taken by the RCG to reduce costs to the private sector, and by the garment industry to improve management practices and productivity, there are likely to be adverse affects on the sector and the Cambodian economy more broadly, at least in the short-term.



These changes will have different impacts on women and men as a result of their differing education levels, economic situation and social status. Government and donor discussions about trade reform often fail to consider the specific impacts for women and how these may differ from outcomes from men. Possible risks for women include entry into sex work to maintain their income levels, migration to work in factories and other industries outside Cambodia, and lack of access to new opportunities that emerge for skilled workers as the sector restructures.




There are only four months to the end of the MFA quota system, and WTO accession. Cambodia does not have a lot of time left to put in place safety nets and support strategies to help female garment workers to make the transition to WTO accession and open competition with other countries. It is now urgent that action be taken to ensure that female garment workers and the estimated 1 million family members who rely on their income do not slip further into poverty.

The government and donor agencies have undertaken extensive analysis to assess the potential impact of WTO accession and the end of the quota system, and have identified a range of measures to support the industry to compete and to facilitate private sector investment in Cambodia. In addition donors and NGOs are implementing initiatives to improve productivity, increase compliance with labour standards, and provide skill development and access to alternative employment for women garment workers. The risk is that, with a very tight timeframe, and lack of gender perspective in some initiatives, some gaps and opportunities may not yet have been fully addressed.

The Gender and MDG project, funded by UNIFEM, has commissioned this position paper to examine the impact of the end of the MFA and WTO accession on the 180,000 young women who currently work in Cambodia's garment factories. While linkages to the informal economy, and migration to work in informal sectors overseas are considered the paper is specifically focused on women working in the formal garment sector.

The paper draws on an initial review of available research and interviews with selected government Ministries, donor agencies and NGOs conducted in July-August 2004 (see Appendix A for a list of those consulted), and:

-  Provides a profile of women in the garment sector, drawn from available research.
-  Reviews predictions about the impact of WTO accession and the end of the quota system on the Cambodian garment sector.

-  Assesses the potential risks for women factory workers as well as possible opportunities that may open up as the garment sector enters a period of transition.
-  Examines the strategies currently in place to support female garment workers in the event that the sector experiences a downturn, as well as initiatives designed to support women to take advantage of new opportunities, if these open up in the sector or in other industries.
-  Identifies additional policy and program interventions that may be usefully be undertaken by UNIFEM in cooperation with other agencies, together with possible indicators that may be used to measure progress under the Gender and MDG Project, in particular in relation to MDGs 1 and 6.

Information about activities planned or in place is accurate at the time of writing. However, with so many agencies currently targeting the garment sector, it is possible that some relevant initiatives are not included, and that activities will change as planning evolves. In addition, further testing of options and strategies presented in this paper with relevant stakeholders is required. The paper is therefore designed to inform discussions among women's organisations and interested agencies about possible policy and program interventions and actions that need to be taken in the near future to support women workers in the garment industry.



*[V]ulnerable social groups desperately need employment as a means of escaping poverty and inequality. But it is no escape at all if the way that they are employed turns their vulnerability into an opportunity for employers to pay them less, work them harder and longer, and avoid paying them their rightful benefits (Oxfam International 2004: 5).*

There are few opportunities in the formal labour market for Cambodian women, and of these, only the garment industry offers access to paid employment for substantial numbers of women. While Cambodia has one of the highest female labour market participation rates in Asia, with 82% of women over 15 in the workforce, most women work in the informal sector, or as unpaid labourers in family businesses and farms (UNIFEM et al 2004b: 34, 38). Fifty-three percent of economically active women contribute unpaid family labour, while in the informal sector, women are active in trade retail and street vending - and in the sex industry.

The informal sector in Cambodia is not well regulated or measured, and access to training, services and credit is limited. In addition, income levels and working conditions are generally poor, with women subject to harassment and required to pay bribes to stay in business (UNIFEM et al 2004b: 44, Gorman et al 1999: 41). The garment sector offers higher income levels and better working conditions than are available to women elsewhere.

A number of studies have been conducted on the garment industry and women's experience of employment in garment factories, most recently by the ADB (CRD 2004). These studies focus on the socio-economic status of women, their motivations and aspirations, the labour conditions they currently experience and their lives 'outside the factory gate'. A brief profile is provided here.

## 2.1 SOCIO-ECONOMIC STATUS

Women in the garment sector are predominantly young and from rural backgrounds. The ADB survey found that 67% are aged 18-24 and only 7% are from Phnom Penh: most come from Kampong Cham, Kandal and Prey Veng provinces. The majority are unmarried. They have low levels of education and limited skills: 90% have less than nine years of formal education, for most this is their first job, and they have few marketable skills (CRD 2004: 20). Indeed, to date it has been possible to secure employment in the garment sector with little or no skills or experience, although this may change as the industry consolidates post 2004.

By undertaking considerable overtime, they can earn an average wage of \$50-75 a month and they remit around \$10-30 to their families each month. The cost of living and considerable expenditure on health services due to their poor working and living conditions absorbs the rest of their income.

## 2.2 MOTIVATIONS AND ASPIRATIONS

*Excess supply of female labour in the village and economic need pushes rural employees to the cities for factory employment (CRD 2004: 36).*

The primary motivation for coming to the cities to work in the garment sector is economic: young women seek a better income than they can earn in their own communities through cultivation or participation in the informal sector.






They also view factory work as a means to improve their lives and those of their families. Despite the social stigma attached to women who work in garment factories, families generally support their daughters going away to work. Indeed, many young women report that they would not have left without parental approval. There is also anecdotal evidence that some families give up cultivation and rely on their daughters to supply the family income and to educate younger, often male, siblings (WAC interview).

While women value the money they earn and hope that their employment will continue, their longer-term aspirations are to return home, to resume cultivation, start their own business, or enter another industry that will provide them with a higher income. However, several studies note that they are not always well informed about the kinds of skills that may be required to take up new employment opportunities (CRD 2004: 44).

The main reason that women leave factory work is to earn more money. While some women engage in sex work to supplement their income while working in factories, sex work is also a common destination for many women once they leave, because it allows them to maintain their income levels, given the lack of viable alternatives (Bouche et al 2003: 157, Gothoskar 2001: 79). The other common destination on leaving is the informal sector.

## 2.3 LABOUR CONDITIONS

A substantial proportion of young people entering garment factory work pay a commission to do so: according to the ADB study, only 16%, but other studies estimate much higher rates of these job 'payments' - up to 57% according to research by CDRI (Sok Hach et al 2001). ILO monitoring of working conditions in factories documents considerable improvements in labour standards over time. However, research with women factory workers identifies that implementation of labour standards continues to be uneven. Some studies suggest that factories may falsify their record in order to achieve compliance (Oxfam 2004: 39). Labour standard breaches cited in research include:

-  Forced overtime and having to work overtime just to make a living wage
-  Poor working environment, lack of safe working conditions
-  Lack of leave, being penalised for taking leave, arbitrary dismissal
-  Incidents of harassment including sexual harassment and rape
-  Insecure employment, without contracts workers can be laid off when production slows down or the factory closes.

Research also indicates that employers prefer young women, because they are considered to be more capable of detailed, careful work, and less likely to become activists or create disruption through industrial disputes: in other words they are considered malleable and compliant (CRD 2004: 31). While around 40% of women are union members, unions are generally run by men and women are not well represented in these organisations.

Some employers express resentment about the need to meet labour standards, and the costs involved (Beresford et al 2004: 157), which suggests a need for further education if Cambodia is to successfully position itself as socially responsible as a way of protecting and promoting the garment sector.

## 2.4 OUTSIDE THE FACTORY GATES


Because most women garment workers are young, and from rural areas, they are particularly vulnerable to exploitation and abuse both within factories, and in their lives outside paid work. Workers typically live together in crowded, unhygienic circumstances, often without access to clean water or toilet facilities. As they remit a substantial proportion of their income to their families, they often do not have enough left over to eat well, and spend a considerable proportion of their wage on (private) health services. They are concerned about their safety, in particular when traveling from the factory to their accommodation late at night after long shifts or overtime, and report instances of robbery, harassment and sexual assault (CARE International 1999, Gorman 1997). Lack of awareness about sexual and reproductive health also makes them more vulnerable to STDs and HIV/AIDs, although rates of infection appear to be low (CARE interview).





### 3 IMPACT OF WTO ACCESSION AND THE END OF THE MFA QUOTA SYSTEM


*Cambodia is about to lose the preferential access it previously enjoyed through quotas because of the dismantlement of the WTO textile agreement in December 2004. For Cambodia, entering the WTO will not necessarily mean expanded market access in this area, due to additional competition from highly competitive suppliers like China and India. (Oxfam International 2004b: 5)*


Predictions about the future of the garment sector after 2004 vary considerably. While some agencies have made gloomy forecasts, a more positive view is put by the RGC and the garment sector itself, on the proviso that a raft of proposed reforms are implemented to increase productivity and cut costs to the industry. For example:


 In a recent statement the IMF predicted a slowdown in growth from 5-6% to 1-2% of GDP in 2005 due to the elimination of the quota system and direct competition with other countries.

 The UNDP suggests that Cambodia will be very vulnerable to international competition post WTO accession, with factories likely to relocate overseas to China once access restrictions lift in 2008 (Beresford et al 2004: 164).

 The World Bank suggests that cost competitiveness will become more important, with consolidation across borders to create economies of scale (World Bank 2004: 38).

 A scoping study commissioned by USAID anticipates that countries outside China will continue to supply garments to the US and EU markets, including through free or preferential bilateral trade agreements, and that China will also invest in textile production in developing countries, with a major textile mill investment slated for Sihanoukville (Salinger 2004: 3).

 The Garment Manufacturers Association of Cambodia (GMAC) takes the view that there will be no significant job losses. While they estimate that some smaller factories may close, up to 10 larger factories are likely to expand, absorbing jobs lost through attrition (Interview, GMAC).

 Some NGOs take a very bleak view, predicting that as quotas are lifted, lower-cost competitors will win out, with redundancies and pressure on labour conditions and wages likely to follow (Oxfam International 2004a: 46).









The Royal Government of Cambodia anticipates that around 30% of Cambodia's exports may be at risk, due to competition from China and other countries. Significant short-term decline is predicted for 2005, with up to one third of firms closing, larger firms taking some of the lost market share, and some factories relocating overseas (RGC 2004: 38).

Buyers will be looking for factories that can provide flexibility, and quick turn around times, as well as competitive pricing (Nordas 2004). They will increasingly enter into direct relationships with suppliers, eliminating agents and importers, and will pass costs onto factories, for example by expecting them to provide credit, with no payment made until clothes are sold by the retailer. Factories will take on more responsibility, for example for distribution of their products (Minister for Commerce, speech 12 August 2004). While this will mean that pressure can be exerted by buyers to ensure suppliers comply with labour standards, it will also mean that factories bear more of the costs, and may pass these onto workers through wage cuts.



The RGC argues that unless substantial reforms are put in place, the sector will not recover after 2005 and firms accounting for 30% of output will be forced to shut down (RGC 2004: 40). In addition, several reports suggest that wages have been 'too high' and labour conditions 'too good', adding to industry costs, and that these together with infrastructure and transportation costs will need to be reduced to enable the industry to stay competitive (RGC 2004, Dr Hang Chuon Naron 2002).

As these differing predictions indicate it is not possible to anticipate exactly what will happen post 2004. However, it does seem likely that:

-  Some factories will close, in particular smaller firms.
-  Some new positions may be generated as larger factories absorb market share from firms that close.
-  Some firms will consolidate their operations across countries to create greater efficiencies.
-  Some new companies may open up, and countries such as China may invest in Cambodia for example in textile production.
-  If reforms designed to cut costs to the private sector are not implemented in time, there is likely to be considerable pressure to reduce wages and turnaround times and increase volume to enable factories to stay competitive.
-  At the same time, corporate social responsibility may become part of the RGC 'branding' strategy for the sector, with the result that labour conditions will be protected. New knowledge and skills will be required of management and staff.
-  Some more skilled positions may open up, as firms move to improve management practices and introduce new technologies.
-  As the current labour market does not require a highly skilled workforce, skill shortages may emerge as the industry restructures and becomes more sophisticated, with implications for human resource development and investment by the RGC and the garment sector alike.

Predictions about the potential impact of trade liberalisation reflect differing views about the circumstances under which the poor benefit from growth and the kind of growth that is required to alleviate poverty. Some agencies continue to argue that growth is the best way to alleviate poverty, while others point out that this depends on where growth is generated. Others suggest that growth tends to have uneven benefits and effects, often creating a 'two-tier' economy in which some people benefit, and others do not. However, it is generally agreed that in Cambodia, growth has been too narrowly concentrated, benefiting only 6-7% of those Cambodians who work in industry, while the majority of people - 80% - work outside the cities in agriculture. Greater investment in agro-industry, diversification of products and services, and creation of backward linkages is recommended to create the kind of growth that is needed for successful poverty alleviation (Beresford et al 2004: 164, World Bank 2004).

As indicated in the governments Rectangular Strategy, the RGC and donor agencies are currently focusing on strategies and interventions to make the agricultural sector more productive.

These longer-term strategies are important to create employment, including for the 200,000 new labour market entrants seeking work each year. However, they will not be in place in time to alleviate any possible adverse consequences flowing from trade liberalisation for women (and men) currently employed in the garment sector.

### 3.1 IMPACT ON WOMEN GARMENT FACTORY WORKERS

There has been considerable discussion about the impact of trade liberalisation on the garment sector and on the Cambodian economy together with strategic analysis about what is needed to secure the future of the industry and support growth. To date much of this discussion has focused on the industry, not on the specific impact on women workers (with the exception of ADB research and Technical Assistance, discussed below). Nor has a comprehensive analysis of the impact of trade liberalisation on Cambodia been developed from a gender perspective. While a cross-sectoral analysis is beyond the scope of the present paper, there are clear indications that the impact of trade reform will be quite different for female garment workers than for their male colleagues.

While the industry is likely to experience some turbulence, it is not possible to predict how many women may be affected. In a best-case scenario, there will be little impact, as larger factories will expand in order to be able to compete more effectively, absorbing workers made redundant by factory closures. However, in a worst case scenario, if up to a third of (smaller) factories close (RGC 2004: 38), and other factories move off-shore, substantial numbers of workers will be at risk of redundancy – some estimates place the number at up to 50,000. Potentially, 20-30,000 households and 200,000 – 450,000 family members, may be affected. Economic modeling being undertaken by the ADB will provide much firmer estimates than those included here.

Another important caveat on this rough estimate is that not enough is known about linkages between the Cambodian garment industry and the informal sector - sub-contractors, home and pieceworkers etc - most of whom are also likely to be women. An estimated 200,000-300,000 additional jobs are linked to the garment sector, according to the ADB and UNDP (Beresford et al 2004: 156). Additional investigation is required to understand the size and composition of the informal sector that supports the garment industry and to assess the impact of changes to the industry on women working in this part of the informal sector.

An initial assessment of the potential risks of downsizing in the garment industry for women workers in the formal garment sector follows.

**ENTERING THE SEX INDUSTRY.** Without alternative income sources or transferable skills, and with continued pressure from families to remit income home, some women will move into the sex industry. One study in Phnom Penh, cited by the UNDP, found that up to 60% of sex workers in one area of the city were former garment factory workers (Beresford et al 2004: 157). While well remunerated, sex work is degrading and poses considerable risks to women's health. The informal sex industry is growing, for example in hospitality and retail roles that include pressure to have paid sex with customers, such as beer girls, waitresses etc.

Women involved in informal sex work are at significantly greater risk of contracting HIV/AIDS: while rates of HIV/AIDS have fallen in the formal sex industry, infection rates continue to rise in informal sex work, where it is more difficult to provide education and information than in formal prostitution (UNIFEM et al 2004b).

#### **RETURNING TO THEIR VILLAGE OR COMMUNITY WITHOUT A SUSTAINABLE LIVELIHOOD.**

As ADB research indicates, some women want to return to their villages to resume cultivation or start a small business. However, many farming families increasingly rely on their daughters not just to supplement but also to provide the bulk of their income. Without financial incentives such as access to credit, they are likely to put pressure on their daughters to continue to earn more money, by staying in or returning to the city or migrating overseas to find work. In addition, some women appear to have given up their land to come to work in the cities.


**MIGRATING OVERSEAS TO GET WORK.** There will also be flow on effects in migration to neighbouring countries such as Thailand and Vietnam. According to a 1999 study, landless families are most likely to be vulnerable to migration to seek work, and workers migrating to countries such as Thailand face considerable risks and dangers (Chan Sopha and So Sovannarith 1999). Migration renders women particularly vulnerable, exposing them to exploitation and abuse, often in work that is illegal and dangerous. Migration also further disrupts family and community ties. If some garment factories currently operating in Cambodia move overseas, there will be further incentives for women to migrate to seek employment, however, they will then be in competition with other poor women from these countries for a limited number of jobs.

**WORKING IN THE INFORMAL ECONOMY.** Some women will take up work in the informal economy, however, without marketable skills, marketing information, or access to credit, they will struggle to succeed in starting their own businesses. Nor are they likely to be able to secure a sustainable livelihood working for other people.

**WORSENING WAGES AND LABOUR CONDITIONS.** For those who do keep their jobs, there is potential for wages and labour conditions to worsen. This has been the experience in other sectors and countries opened to international competition (Oxfam International 2004a: 50, Catagay 2001). It is to be hoped that efforts to position Cambodia as attractive to socially responsible corporations will mitigate against this effect.

There are also some potential opportunities for women which may open up as the industry restructures:





 There may be requirements for higher skilled positions as garment factories consolidate and upgrade in order to stay competitive.

 Larger factories may absorb some of the market share of smaller firms as they close, opening up some additional positions for women who have lost their jobs.

However, women are unlikely to be in a position to take advantage of these opportunities without support in the form of skill development and social protection. Requirements for higher skill levels will only be of benefit to women if they have received training and formal skill development to enable them to take advantage of these opportunities. Similarly, absorption of some jobs into larger factories over time will only help women if they have received support to survive the transition period.



## 4 CURRENT STRATEGIES AND INTERVENTIONS


*There are a number of strategic responses currently in place with the potential to impact on women in the garment sector, including initiatives designed to secure current jobs, or provide alternative employment should downsizing occur. These include:*


-  Measures designed to protect the garment sector, and therefore, as a flow on benefit, protect and secure employment and labour conditions.
-  Measures designed to create alternative employment in the longer term for example by diversifying the industrial base and creating Export Processing Zones.
-  Initiatives designed to provide female garment workers with the skills and support to access or create alternative employment in the short term.
-  Initiatives designed to provide social protection in the short-term, to enable women to survive the transition to trade liberalisation.


### 4.1 MEASURES DESIGNED TO PROTECT THE GARMENT SECTOR AND DIVERSIFY THE INDUSTRIAL BASE


At the macro-level, the Royal Government of Cambodia has identified a suite of initiatives designed to protect the garment sector and encourage continuing and new investment in the Cambodian garment industry. In its analysis of threats to the garment industry, the RGC identifies China, together with India and Pakistan, as the likely 'winners' in the globalisation stakes, with countries such as Cambodia experiencing threats to their share of the market. Because Cambodia is unlikely to be able to compete on price alone, other measures are recommended, including positioning the industry as socially responsible. Based on advice from donors such as the World Bank and the ADB, the RGC has decided to adopt a range of measures to increase private sector investment, ensure that the garment industry is able to stay competitive and create alternative employment. These include:


-  Reducing costs and improving productivity. The RGC has decided to implement a 12-point plan to support private sector investment in Cambodia. The plan is specifically focused on reducing the costs of doing business in Cambodia, including the high costs of utilities such as electricity, transport and infrastructure, long turnaround times, for example in establishing businesses and the high 'bribe tax' imposed on imports and exports. The RGC is also initiating discussions through ASEAN to make group approaches to buyers, and offer group incentives, such as tax breaks, to investors in the region.
-  Promoting the Cambodian garment sector as a socially responsible industry. Positioning the garment sector as free from sweatshops and child labour, and as compliant with international labour standards, will help to attract investment and the support of major buyers such as Nike and Gap. The World Bank is currently conducting an investigation into how much international buyers value protection of workers rights, to inform development of a labour standards quality campaign (Salinger 2004: 20). This development will have implications for factory management and staff, and will require both skill development and attitudinal change.

 Improving productivity and skills in the factory environment. The ILO is currently working on a pilot initiative with managers and supervisors in 14 factories to improve management practices and demonstrate the linkages between improved compliance and increased productivity. The pilot involves training in good industrial practice, improved communication between management and staff, work processes, and understanding workers rights. Other initiatives targeting factory management include the Cambodian Garment Training Centre, funded by JICA, which focuses on management, workflow operations, production design and quality control, as well as worker education (Salinger 2004: 18).

 Diversifying Cambodian industry. In addition to measures specifically designed to protect the garment sector, the RGC and donor agencies have agreed that it is necessary to diversify industries within Cambodia, with a specific focus on agro-industry. Where the garment sector is hampered by over-regulation, agro-industry suffers from lack of public institutions, and localised markets. Measures designed to support SMEs are needed to support agro-industry and provide access to markets and credit for rural SMEs.


 Attracting investment to Cambodia by establishing Export Processing Zones. EPZs have been on the agenda for some time in Cambodia, with zones planned for Koh Kong, Poipet, Sihanoukville and Phnom Penh (UNDP interview). Some construction has taken place in Koh Kong, but is currently on hold. Now that the government has been formed, it appears that establishment of EPZs is likely to go ahead, with enabling legislation due to be passed in September 2004. These EPZs have the potential to create job opportunities for Cambodians, in particular women, in light industries such as textiles, and may provide alternative employment for women who have gained skills working in the garment sector in Phnom Penh.


 Investing in SME development. As indicated in the RGC's Rectangular Strategy, SME development is a priority area for Cambodia. Initiatives in this area include donor and NGO activities to provide support, skills training and micro-credit access to SMEs. For example, the Mekong Private Sector Development Facility supports SME development through skills and funding for new businesses. The ADB has funded a TA to develop the capability of Women's Development Centres to deliver skills training, business skills and micro-credit to women in rural areas. The Ministry for Women's Affairs is currently negotiating with the ADB to extend funding to build new facilities and deliver training and support to women.


 Focusing on vocational education and training. The newly formed Ministry for Labor and Vocational Training has a mandate to improve skill levels in the Cambodian population, and to develop training that meets the needs of employers. Provincial Training Centres in 16 provinces will be expanded to deliver short courses and accredited qualifications, including training to improve business skills. The Ministry and the ILO will shortly launch a report on barriers to accessing vocational education for women in Cambodia.


#### **4.2 STRATEGIES DESIGNED TO PROVIDE ALTERNATIVE EMPLOYMENT TO WOMEN IN THE GARMENT SECTOR AND ASSIST WOMEN THROUGH THE TRANSITION PERIOD**


A number of agencies are focusing on how best to ameliorate the affects of WTO accession and the ending of the MFA on women in the garment sector. Current initiatives include:


 The ADB has designed a TA to assist the RGC to prevent women garment factory workers from moving into poverty. The TA involves collaboration between the Ministry of Commerce and the Ministry of Women's Affairs, and has two main elements, one focusing on labour law and labour conditions, and a pilot project to support women workers through the transition period. The first part of the project includes economic modeling of the impact of changes in the industry. The pilot project involves skill development for alternative employment in tourism, IT, services and agro-industry; establishing self-help groups to encourage women to save; and an entrepreneurship development program. Capacity building for relevant agencies is also included within the TA. The ADB is also funding training for HR managers within factories with a specific focus on improving labour conditions, in partnership with the Garment Manufacturer's Association of Cambodia (GMAC).

 Some previous pilot initiatives have focused on workforce training, including a pilot conducted by the Cambodian Labor Training Coalition in four factories, which involved both management and workforce training. Staff training covered labour law, retailer codes of conduct, negotiation and communication skills, and women's and human rights (Salinger 2004: 18).


 Womyn's Agenda for Change, an NGO originally funded by Oxfam Hong Kong, works with women in the garment sector at the grassroots level. The WAC garment sector project is focused on awareness raising, education and support, and advocacy for women workers. WAC has established a network of women in garment factories, three drop in centres where women can come for advice and support, and is currently informing and educating women about their rights and the potential impact of trade liberalisation. WAC strongly supports moves to brand Cambodia and the garment industry as socially responsible and compliant with international labour standards to secure the future of the industry, and to protect workers' rights, and is actively exploring options for cooperative ownership of garment factories.


 While not focused on workers rights, CARE Cambodia has been actively working with 25 garment factories to improve the sexual and reproductive health of garment workers. The project involves peer education, life skills, and referral to health services. In addition to current initiatives, a number of agencies are planning other interventions to address the impact of trade liberalisation, improve labour conditions and support women through the transition period. In all likelihood there are other planned initiatives not identified here, however, research for this paper identified the following activities:


 The Ministry of Women and Veteran's Affairs has indicated that preventing female garment workers from slipping into poverty will be a key element in the Ministry's next five year plan, currently being developed under the direction of Dr Phavy (interview, MoWA). Options for extending the ADB TA to support garment factory workers, and to expand the role of the Women's Development Centres are currently being discussed with the ADB.

 USAID is currently considering funding for two linked initiatives. The first is designed to assess the skill needs of current garment workers, and map current training provision, with a view to developing strategies to upskill existing workers. USAID is also considering ways of increasing the global marketability of Cambodian fiber, textile and tailoring skills, supported by a focused workforce development program and marketing instruction (interview, USAID).



 The ILO plans to extend its current training program to focus on rights at work, including addressing issues such as sexual harassment (interview ILO).

 UNDP intends to conduct a Human Development Impact Assessment on Trade, which will take into account the social and gender impacts of trade liberalisation (interview UNDP).

 The French Development Agency is considering initiatives to develop workforce skills and contribute to corporate social responsibility, including by extending funding of the ILO monitoring program beyond 2005, and creating an incentives fund to encourage development of social support services to improve workers' welfare (Salinger 2004: 16).

### 4.3 LIMITATIONS AND GAPS IN CURRENT INTERVENTIONS

Considerable energy, analysis and strategic thinking has been invested by the government and donor agencies in planning for WTO accession and the end of the quota system, and a range of planned activities are in the pipeline. However, some risks and opportunities appear not to be fully addressed at this point in time.

Macro-level measures designed to protect the garment sector and diversify the industrial base require long-term investment and considerable political will to ensure successful implementation, and will not protect women's jobs in the transition period. In a recent speech, the Minister for Commerce acknowledged that the proposed strategies discussed above may prove to be 'too little too late' for the garment sector, with other countries undertaking preparations as long as 5-8 years ago. If recommended strategies identified by the RGC and donors are not implemented, one of the main avenues open to the industry to stay competitive will be to squeeze wages and labour conditions.

While there is clear government commitment to invest in business development initiatives for SMEs and considerable efforts by NGOs are being made in this area, there is a need for greater long-term investment in SME development, as well as greater focus on the needs of women within these initiatives. In addition, given that women outnumber men in small businesses such as retail, specific skills training, micro-finance, and business skill development is required to support women in SMEs. An ADB TA involves capacity building with five of eight Women's Development Centres, to provide skill development, micro-credit, and access to markets for women. As noted above, the MoWA is currently negotiating with the ADB to extend the TA to fund these centres to provide vocational education and training, and business development skills, as well as to open new centres. However, a national approach, providing centres in all provinces, rather than a pilot initiative, is required. In addition, access to micro-credit at low interest rates is particularly important to support women in SMEs (ADB 2001: 49).





Experience in other developing countries suggests while that EPZs are sometimes of benefit, they may not deliver the objectives outlined in Cambodia's Pro-Poor Trade Strategy and the NPRS (World Bank 2004: 8, Oxfam International 2004). In a recent social impact assessment of the planned EPZ in Koh Kong the UNDP found that while the EPZ would offer potential employment for up to 5,000 local young women, most jobs would need to be filled from outside the area, with in-migration from within Cambodia and from Thailand a likely result, with significant social and economic impacts on people living in the area.

Considerable skill deficits were identified, given low levels of education among young women in the area, which would need to be addressed if young women were to take advantage of these opportunities (UNDP 2003). As the UNDP study demonstrates, the risk is that EPZs will provide little benefit to women, or to local economies. They are likely to encourage both internal migration, and migration from other countries with the result that employment opportunities are not available to local women, and with the attendant risks that result from migration. If the introduction of EPZs goes ahead, investment in skill development and measures to reduce negative social and environmental impacts will be required.

Initiatives specifically designed to support female garment workers tend to be micro-level or pilot interventions. They do not have the capacity to support tens of thousands of women who may be affected. For example, the ADB pilot initiative is designed to roll into early 2005, with the result that findings will not be able to be fed back in time to fund a larger initiative that could support greater numbers of women. The costs of scaling up such initiatives are likely to be considerable.

As flagged in ADB TA materials, two critical gaps at present appear to be social protection to enable women to survive the transition period, and skill development to enable a proportion of women to take advantage of new opportunities that may open up within the garment industry, and to develop formal, transferable skills.

Social protection measures are critical to enable women to ride out the transition period. An ADB TA to support women in Bangladesh's garment sector through trade liberalisation, identifies the following measures for inclusion in pilot initiatives:

-  Supporting retrenched women to earn an income for example through self-employment, micro-enterprise development, and linkage to enterprises willing to hire these women after retraining.
-  Linking women to employment opportunities, for example via a job information system run by local business associations with good networks.
-  Offering shelter support, by expanding on existing programs being run by NGOs, to provide shelter and food during retraining.
-  Micro and group insurance and saving funds to support women through the period of transition into employment (ADB 2004b).

As noted above, some of these measures are being tested in the ADB pilot. Based on information available at the time of writing, what appears to be missing is income support to help women through the transition period, brokerage or referral arrangements to place women in new jobs and skill development to enable women to stay in the garment sector and move into skilled positions if these become available. Greater investment in adult vocational education and training, and in expanding the range of vocational education opportunities for women is also required.

## INCOME SUPPORT, BROKERAGE AND REFERRAL

Income support is a critical issue which has not received sufficient attention to date. Skills and awareness of rights at work are important, but so is the capacity to survive the period of unemployment that may result if there are substantial numbers of redundancies. The ADB TA pilot includes group savings as one possible income support measure. In addition, the Ministry for Women's Affairs is currently discussing with the ADB options to extend social safety nets to women in the garment sector, and exploring the affordability of social services, including through employer and employee contributions. While Cambodia does not have a culture that would usually support individual social security payments, or the financial capacity to fund these arrangements, other options for income support merit further exploration.

Brokerage and referral, to enable women to register when unemployed and to provide referral or placement in jobs as these open up, is a second key strategy. While women in the garment sector have good informal networks, and are likely to hear about factories recruiting for new workers, a more formal system of registration and referral would assist women to find new positions, and would help to prevent possible negative consequences of redundancy.

Assessment of women's existing skills and a formal accreditation process to recognise current skills and capacities will also assist women to find new jobs. It is planned that the new Provincial Training Centres will have the capacity to assess workers' existing skills, and to provide certification of these skills. Recognised prior learning (RPL) could potentially be piloted with garment factory workers, to assist them in gaining formal recognition of their skills and identify further opportunities for training and skill development. Such a pilot could be managed in partnership with organisations such as GMAC and the ILO, which are already investing in training for workers.

NGOs such as CARE Cambodia and WAC already have good networks within the factory environment and among women workers, and it will be important to involve them in planning for and informing women about these arrangements. Brokerage and referral could potentially be managed in partnership with NGOs or business organisations with experience in job placement for disadvantaged groups.

## SKILL DEVELOPMENT TO STAY IN THE GARMENT INDUSTRY

The current lack of upskilling initiatives to enable women to stay in the industry, and earn a higher income, is also of concern. Experience demonstrates that when demand for skilled workers increases, women miss out, with men taking more skilled positions as these become available (Catagay 2001, GADC 2002). If demand for skilled workers in the garment sector does increase, women need to be in a position to capitalise on this.

Research with women garment workers consistently indicates that they want to acquire new skills, but struggle to find the resources and time to do so. To be most effective, skill development needs to be delivered at work (ADB 2001: 60). Current, successful interventions either deliver skills and training in the workplace, in cooperation with factory management, or in the places where women live.

While in the ADB research, women did not express particular interest in developing skills to take advantage of new opportunities that may open up within the garment sector, other studies indicate that some women would be interested in staying in the garment industry and taking advantage of any new opportunities that may emerge. This is an important complement to other skill development initiatives. Supporting and skilling large numbers of women to return to their villages to run their own businesses, or to move into other industries requires generation of new employment opportunities and increased demand for additional products and services that women can provide in order to succeed. There is no guarantee of this, at least in the short-term. The proposed USAID initiative to identify workers skill needs and match these with training provision is therefore a welcome development.

## VOCATIONAL EDUCATION AND TRAINING FOR WOMEN

The newly established Ministry for Labor and Vocational Training has a mandate to develop a skilled workforce, including adults already in work. The national vocational education strategy is a key plank in RGC strategies to support and encourage private sector investment in Cambodia. As the World Bank private sector strategy report points out:

*[T]he current supply of skills is inadequate to the proposed developments, so to be able to follow this path successfully the stock and quality of education must be improved (World Bank 2004: 103).*

However, broad strategic directions adopted by the Ministry must be supported by nation-wide delivery, and a specific focus on adult women. As the UNDP macro-finance report indicates, unless education policy supports women already in the workforce, it can only contribute to future poverty reduction, rather than making a real difference in the present:

*[T]he focus of the education policy is on the future workforce rather than the current one and this feature is particularly discriminatory towards the majority of women who comprise the existing workforce (Beresford et al 2004: 170).*

Women's participation in education generates considerable return on investment including increased access to paid employment and higher income levels. Adult women's participation in education also has the potential to improve investment in the next generation (RGC 2003: 20). The opportunity cost of keeping girls in school is perceived by many Cambodian families to be high, and the benefits of girls' participation are viewed as less substantial than those generated by male participation, even though the reverse is true (Beresford et al 2004:44). First-hand experience of the benefits of education for the current generation of adult women can help to turn around traditional attitudes that keep girls out of education or remove them early so they can earn an income while their brothers stay in school.

Funding for delivery of vocational education is a key issue, as priority funding has been allocated to basic education, to ensure basic literacy and numeracy levels improve (GADC 2002). In addition, a broader set of opportunities for women in vocational education is required – as vocational education provision aims to cater to the market, and to emerging industries, women must be able to access these opportunities. The ILO and the Ministry of Labor will shortly launch a study on barriers to access for women in vocational education, and it is anticipated that this research will identify key recommendations to improve women's access and opportunity. The Ministry of Women's Affairs has also indicated that expanding training opportunities for women in non-traditional fields is a priority, and this area warrants further attention.

To date there has been a lack of demand for training among employers, and a lack of a training culture that would support investment in skilling the current workforce (World Bank 2004: 24). Experience in other countries demonstrates that employers cannot be relied upon to provide adequate skill development and training, and that some employers will simply buy in needed skills from overseas if they are not available locally (UNDP 2003: 9). However as Cambodia moves into more open competition demand for a skilled workforce is set to increase. Many donor agencies and NGOs are involved in delivering training to adult Cambodians and specific initiatives such as the Women's Development Centres and other training programs provided by NGOs play an important role in providing women with transferable skills. Looking forward, attitudinal change will be required, both among employers, and among the general population, to support a training culture that focuses on educating adult women and men.

Micro-level initiatives targeting women in key industries and women in SMEs, together with greater investment in vocational education and training, can contribute to poverty reduction by enabling women to take advantage of employment opportunities and earn a sustainable income. As the UNDP points out:

*[E]specially if targeted towards women [these measures] will help to reduce the current gender imbalance in the incidence of poverty and influence the attitudes of mothers towards education and training for their daughters (Beresford et al 2004: 170).*



## 5 ADDITIONAL STRATEGIES AND INTERVENTIONS REQUIRED

*Improving the quality of life for .... women is probably the shortest way to reduce underemployment, raise productivity and grow the economy. Investment in women's health and education therefore constitutes an investment of incalculable value to the national economy (Beresford et al 2004: 57).*

From the above discussion, it is clear that a range of interventions targeting garment sector workers are planned or already in place. While other activities may be planned, those identified in research for this paper are summarized in the table below.

ORGANISATION	ACTIVITY	TARGET GROUPS	DURATION
ADB, MoWA, MoC	TA to provide assistance to women in the garment sector to make the transition to trade liberalization. Includes pilot project to support women garment workers through life-skills, group savings, entrepreneurship training.	Female garment factory workers. Phnom Penh.	Pilot currently beginning and will run for 6-7 months.
CARE	Sexual and reproductive health peer education.	Factory workers and management. Phnom Penh.	Ongoing.
GMAC	Induction training for new workers entering factories.	Factory workers. Phnom Penh.	Currently being considered.
FDA	Incentive fund to encourage employers to invest in social services for workers.	Factory management. Phnom Penh.	Currently being considered.
ILO	Expanding training initiatives in garment factories to include training for workers on their rights, sexual harassment etc.	Factory workers. Phnom Penh.	Currently being considered.
MoL	Expansion of the role of Provincial Training Centres to provide short courses and qualifications. Focus on rural areas, agro-industry and SME development. Includes skill assessment and recognition.	Rural areas, young people and current workers. All 16 provinces.	Planned.





MoWA, with support from ADB	Expansion of the role of Women's Development Centres to include skill training, business skill development, life skills, and literacy.	Women in SMEs. Four provinces initially.	Currently being considered.
USAID	TA to conduct skills needs assessment and map training provision to provide skill development to garment industry.	Garment factory workers. Phnom Penh.	Currently being considered.
WAC	Rights education and empowerment.	Female garment workers. Phnom Penh.	On going.


This section therefore focuses on what might usefully be added in the areas of policy development, further analysis and program activities.


## 5.1 RECOMMENDED INTERVENTIONS TO SUPPORT WOMEN GARMENT WORKERS THROUGH THE TRANSITION PERIOD.


In addition to the pilot initiatives and interventions being undertaken by donors and NGOs, it is recommended that the following initiatives be considered:


 Develop options for additional income support measures. Discuss with relevant government agencies, donors and NGOs what else can be done to provide income support (food and shelter) to women who are made redundant. Wherever possible this should build on existing services and outreach programs being delivered to women, and will require donor support.


 Establish employment registration and referral. Provide retrenched women with the opportunity to register, be assessed and accredited for their current skills (see below), receive referral to training and skill development providers and initiatives, and be informed when job opportunities become available as the industry consolidates. Ideally, this would be run by the Women's Development Centres as a one stop shop service for women, perhaps in partnership with a businesses or NGO with experience in providing employment placement and referral in the Phnom Penh area. The cooperation and support of factory management would also be required.

 Pilot recognition of prior learning. In partnership with the Ministry of Labor and the ILO and GMAC, pilot an initiative to assess and accredit women's current skills and capabilities, using the recognized prior learning model currently being considered for use in Provincial Training Centres by the Ministry of Labor.

 Provide additional skill development and training activities, building on those initiatives already planned (including by USAID), to enable women to upgrade their skills, for example, in new technologies coming online in garment factories. This training should be made available in the garment factory environment, with the support and cooperation of factory management, and women, and garment factories should make some financial contribution to the cost of this training.


 Extend current pilot initiatives to provide training and skill development to enable women to take up alternative employment or establish their own businesses, and make these available to women workers with an interest in changing their employment status. Access to credit at affordable interest rates will be an important part of this initiative. Again, this would ideally be the role of the Women's Development Centres. It is important that this kind of training is accompanied by realistic advice and market intelligence about demand for products and services and the limited number of openings in the paid employment market.


 Conduct research on the size and constitution of the informal sector that surrounds the garment industry, to assess the likely impact of changes in the garment sector on women in the informal economy and the support and skill development they may require. In addition, research on women in the informal sector more broadly should be considered to develop a more robust understanding of women's contribution to the national economy, and the income they generate through informal work. Discussions with PMATU and the Minister for Women's Affairs indicate that this is a key information gap.

 Undertake forecasting about likely migration to EPZs and overseas, to understand the potential impact on internal and external migration rates, assess potential risks for women, and address how best to mitigate against identified risks. This forecasting will need to take into account the number, location and type of industries in each EPZ, together with the timing for establishment of each zone, yet to be confirmed by the Cambodian government.


## 5.2 RECOMMENDED STRATEGIES TO SECURE EMPLOYMENT AND CREATE ALTERNATIVE EMPLOYMENT FOR WOMEN


In addition to current initiatives being undertaken at the macro-level to secure the future of the garment industry and generate alternative employment, two related areas are critical:

 Greater investment in SME development targeting women and the industries where women currently work, supported by long-term funding, to provide skill development and business support and access to affordable credit. A priority focus on supporting women in SMEs, and SMEs in the industries where women predominate, such as retail and street vending, is required. Two key measures are needed. One is to review existing initiatives targeting SMEs, to ensure that they are effectively targeting and supporting women. The second measure is to move quickly to implement plans to expand the role of the Women's Development Centres to include skill development for marketable skills, business management training, life-skills training, and literacy. While discussions are underway to develop facilities and delivery in up to four provinces, to be most effective, national delivery in all provinces is required.

 Improving adult women's access to vocational education, and broadening participation in training across a wider range of occupations. A national strategy for vocational education is in place, and plans for implementation, including through Provincial Training Centres, are underway. ILO and Ministry of Labor research has identified barriers to access for women and recommendations to improve access to training and therefore to employment. An Office for Gender has been established within the Ministry of Labor to address these issues. The challenge is to broaden the opportunities that are available to women to a wider range of occupations (not just hairdressing and sewing), and to ensure that there are linkages between the Women's Development Centres and the PTCs at the local level to encourage referral and improve women's access to training.

Development and implementation of these strategies, if appropriately funded and supported, while long-term in nature, will be important not only for women in the garment industry, but for the current and future workforce. In addition agencies should consider the following:

 Undertake a cross-sectoral gender analysis of the impact of trade liberalisation strategies in Cambodia. This should include, as a priority, an assessment of the gender impact of EPZs, including on migration and poverty levels. This might appropriately be included in the upcoming Human Development Impact Assessment on trade planned by the UNDP for later this year.

 Boost current initiatives that inform female garment workers about their rights, in cooperation with NGOs such as WAC and CARE, as part of a continued focus on and commitment to meeting international labour standards to ensure Cambodia is able to stay competitive, as well as to protect worker's rights. Extend current initiatives by the garment industry and the ILO to include sector-wide training for factory management and staff. A national 'branding' exercise is required to support this focus on labour conditions, to position Cambodia and Cambodian industries as 'trade fair' and encourage retailers and consumers to "buy Cambodian".

As noted above, a number of agencies are assessing the future of the garment sector, undertaking research, and putting in place program initiatives to deal with the impact of WTO accession and globalisation. However, issues relating to capacity and coordination have the potential to hamper these efforts.















Many initiatives are ad hoc in nature, and the small scale of most interventions poses a significant problem given the likely scale of retrenchments if, in the worst-case scenario, up to a third of factories close. An assessment of the level of support that may be required, the capacity needed to deliver appropriate services and initiatives, together with likely costs involved in scaling up support for large numbers of retrenched women is required. Costings for social impact amelioration initiatives need to be developed for different scenarios, and this can best be done by agencies in collaboration, rather than in isolation.

In addition, there are coordination issues relating to the patchwork of programs and initiatives that are being implemented or planned. Lack of donor coordination is an ongoing issue in Cambodia, and in this instance, it is a matter of urgency that agencies including donors, government and NGOs come together to share information about the forecasting and analysis they have undertaken, and the interventions and actions they are planning. A workshop involving donors, government, NGOs and women's groups should be held as soon as possible to facilitate information sharing and collaborative planning and implementation by agencies.



## 6 POSSIBLE INDICATORS UNDER THE GENDER AND MDG PROJECT

This position paper is intended to inform the gender and MDG project by developing additional indicators under MDG's 1 and 6. Suggested additional indicators are included here for discussion and consideration. In some instances it may be necessary to locate baseline data and wherever possible, this should be from existing data sources. These indicators are designed to track the impact of WTO accession and the end of quotas on women, together with the impact of initiatives designed to generate employment and support women through the transition period.




The Poverty Monitoring and Analysis Technical Unit is currently consulting on indicators to be included in the Cambodia Poverty and Development Monitoring Indicators, in preparation for the National Poverty Forum in October 2004. It is suggested that the indicators below be provided to PMATU for consideration in finalizing the draft indicators.

-  Proportion of households with women now or ever employed in the garment sector whose income is less than the poverty line.
-  Proportion of women aged 15-24 in poorest quintile.
-  Proportion of households with one or more women aged 15-24 in poorest quintile.
-  Percentage of women aged 15-24 who are underemployed or unemployed.
-  Proportion of women in self-employment.
-  Percentage of women garment workers made redundant. Proportion of those made redundant who: secure other waged employed, enter self-employment, or are underemployed.
-  Percentage of women aged 15 and older who participate in vocational education and training, including short courses, on-the-job training, skill development programs and formally accredited training.
-  Ratio of women who have completed post-secondary formal education compared to men. Qualification levels of women compared to men.
-  Proportion of women working in the sex industry, by formal versus informal, and by city or province.
-  HIV prevalence rate among sex workers, by city.
-  Ratio of women migrating for work, compared to men, by internal migration and migration of overseas.
-  Proportion of women aged 15-24 migrating within Cambodia, and overseas, for work.
-  Ratio of women in non-traditional occupations, compared to men.
-  Percentage of women who access business services including micro-credit

It is recommended that the following strategic actions be undertaken by UNIFEM:

-  Conduct research on women's work in the informal sector, and linkages to the feminisation of poverty.
-  Convene a national workshop on the feminisation of poverty.

In addition the Minister for Women's and Veteran's Affairs identified the following areas where UNIFEM could provide additional advice and support:

-  Provide advice on vocational skills training required to meet the needs of new and emerging markets, and what can be done to support and encourage women to gain relevant skills to move into employment in these areas, in consultation with the ILO.
-  Provide advice on life-skills training for women, and what is required in terms of skill development, including information about rights of women in the labour force, as well as advice about what is required to protect women who migrate to work.
-  The Minister also strongly supported the need for research on women in the informal sector, focusing on the scope, roles and economic contribution women make across sectors in Cambodia.



## **APPENDIX A - CONSULTATIONS**

**Minister: Chum Tean Ing Kantha Phavy**  
Minister for Women's Affairs

**HE. Pech Sorphorn**  
Secretary of State, Ministry of Labor

**Ms. Rosanna Barbaro**  
Garment Sector Project  
and Project team  
Womyn's Agenda for Change

**Ms. Rekha Dayal**  
Social Development Consultant  
ADB, Manila

**Dr. Kate Frieson**  
Project Leader  
Gender and Governance  
Ministry of Women's Affairs

**Ms. Ros Harvey**  
Chief Technical Advisor  
Garment Sector Working Conditions  
Improvement Project  
International Labour Organisation

**Ms. Samvada Kheng**  
Gender and Development Specialist  
Cambodia Resident Mission  
Asian Development Bank

**Ms. Sari Laaksonen**  
Trade and Private Sector Specialist  
United Nations Development Program

**Dr. Ken Loo**  
Secretary General  
The Garment Manufacturers Association  
in Cambodia

**Ms. Dania Marzouki**  
Monitoring and Evaluation Officer  
Poverty Monitoring Cluster  
United Nations Development Program

**Ms. Elaine McKay**  
Senior Policy and Management Advisor  
Partnership for Gender Equity: Phase Two  
Ministry of Women's Affairs

**Ms. Susan Merrill**  
Director  
Office of General Development  
USAID

**Dr. Mustafa K. Mujeri**  
PMA Advisor  
Poverty Monitoring and Analysis Technical  
Unit  
Ministry of Planning

**Ms. Chi Socheat**  
Program Manager  
Reproductive Health  
CARE Cambodia

**Ms. Uch Sarom and Ms. Cheryl Urashima**  
Sustainable Employment Promotion  
for Poor Women  
ADB/Ministry of Women's Affairs








## APPENDIX B

### EXAMPLES OF CURRENT PROJECTS AND INITIATIVES TARGETING WOMEN IN THE GARMENT INDUSTRY

#### Asian Development Bank - Technical Assistance to the Royal Government of Cambodia







The ADB, in partnership with the Ministry of Commerce and the Ministry of Women's and Veteran's Affairs, has funded a TA to address the potential impacts of WTO accession and the lifting of the MFA quotas on women in the garment sector, designed to prevent these women from moving into poverty.

The TA involves three key elements:

-  conducting a situation analysis
-  funding pilot schemes to build networks and establish links to alternative employment opportunities and to develop and test short-term social protection measures
-  strengthening the capacity of government, private sector and civil society organisations to address downside risks caused by the phase out of MFA quotas.

The situation analysis included an inception workshop with key partners, a survey to develop a socio-economic profile of workers in the garment sector and research on labour laws and labour conditions.




A pilot project is being implemented at present, and is designed to provide skill development, encourage saving and develop life-skills in participating workers. The project is being managed by local NGOs and includes:

-  life skills training in partnership with the ILO
  -  skill development training to enable women to move into other sectors such as IT, tourism, services and agro-processing
  -  self-help groups to promote and encourage saving among women
  -  an entrepreneur development program to support women to set up their own small businesses
- In addition, two initiatives are targeting factory management to improve labour conditions, in partnership with GMAC:
-  training for HR managers in factories
  -  development of guidelines to address specific issues to do with labour conditions

#### CARE Cambodia - Sewing a Healthy Future project

HIV prevalence is higher in Cambodia than in any other South-East Asian country. Garment workers, who are predominantly female, are particularly at risk due to in-migration and low levels of awareness about sexual and reproductive health and available services. This project,

running in 25 factories with a total target population of 50,000 workers, aims to improve the sexual and reproductive health of garment sector workers. Piloted in 1998, the project has three main components, working with 5 local NGOs to:

-  develop the capacity of factory health providers to deliver quality health services to young health workers, and strengthen referral networks to external service providers.
-  provide a health education program within factories, training garment workers as health volunteers/peer educators and foster informal peer networks within factories to disseminate information about sexual and reproductive health and improve referral
-  conduct advocacy with factory management to improve reproductive health access and information for workers.

The project has been particularly successful in engaging factory management, and has supported and encouraged training of managers about HIV/AIDS and development of HIV/AIDS policies within garment factories.

### **International Labor Organization Garment Sector Working Conditions Improvement Project**

In addition to monitoring working conditions in garment factories to assess compliance with labor standards, the ILO is also conducting remediation activities with factories to improve compliance, in cooperation with major buyers and factory managers and owners. A pilot is currently being conducted in 14 garment factories to improve industrial practice and includes communication between management and staff, working conditions, occupational health and safety, change management, and improving systems and processes to achieve compliance and increase productivity. ILO is planning to extend the pilot to 28 factories, and include a focus on workers rights, including information and education about sexual harassment.

### **Womyn's Agenda for Change (WAC) Garment Sector Project**

Originally part of Oxfam Hong Kong, WAC is now an independent organisation, engaged in grassroots activism with some of Cambodia's most marginalised women, including sex workers and garment workers.

WAC's garment sector project is focused on educating and mobilising women workers, documenting and improving conditions within garment factories, and raising awareness about the international context that the Cambodian garment sector operates within, including the impact of globalisation and WTO accession on Cambodian garment workers. WAC has supported and developed a network of women workers across different factories in and around Phnom Penh, and has established three drop in centres that women can visit for advice and support. The project also focuses on empowerment of women, supporting garment workers to tell their own stories and speak with their own voices. The organisation also organises and participates in awareness raising activities about the labour conditions and future of women in the garment sector both in Cambodia and overseas. This includes sponsoring garment workers to attend international meetings on the garment industry and to participate in international activism, for example around the Olympics.

## **APPENDIX C ANNOTATED BIBLIOGRAPHY OF KEY SOURCES - RESEARCH ON WOMEN WORKERS AND THE FUTURE OF THE CAMBODIAN GARMENT INDUSTRY**

### **I. RESEARCH ON WOMEN IN THE GARMENT INDUSTRY**

**Cambodian Researchers for Development (CRD) 2004 Garment Employees in Cambodia: A socio-economic survey, ADB, Phnom Penh**

**Available from: ADB (not on website)**

This research was conducted by the ADB to inform a TA designed to mitigate against the affects of the lifting of quotas on women in the garment industry, and is the largest study on workers in the garment sector to date. The research involved interviews with 1538 workers in 10 different factories, 10 focus groups, interviews with key informants and observation in selected sites. The study focused on socio-economic characteristics of garment workers, motivations for taking up and leaving garment factory employment, labour turnover, and workers aspirations for the future. Findings from the survey were used to inform development of pilot projects to support women to make the transition to WTO accession and the lifting of quotas (see Appendix B).

**Chea Huot and Sok Hach 2001 'The Cambodian Garment Industry', Cambodia Development Review Vol. 5 (3) July-September 2001, CDRI, Phnom Penh; Sok Hach et al 2001 'The Garment Industry in Cambodia: Performance, Challenges and Policies' pp 47-62 in Cambodia's Annual Economic Review 2001, CDRI, Phnom Penh**

**Available from: CDRI website - [www.cdri.org.kh](http://www.cdri.org.kh), CDRI library**

CDRI researchers conducted a review of available literature, and in-depth interviews with garment factory owners, government officials, garment workers and union leaders. The research findings were consistent with other studies of workers in the garment sector. The authors concluded that improving government regulation to remove disincentives and reduce delays, strengthening the enforcement of labour laws, improving the productivity and quality of garment products, membership of the WTO, reducing utilities and land costs and improving transportation infrastructure, and diversification of the export market were required to ensure the Cambodian garment industry remains competitive in future.

**Engquist, M. 2001 Making Garments Worth Producing: A survey on the Trade Union Movement Within the Cambodian Garment Industry, Phnom Penh**

**Available from: CDRI library**

This study on the trade union movement in Cambodia includes an assessment of labour conditions within garment factories. The report found that conditions within garment factories were sub-standard: forced overtime, sexual harassment, poor working environments, lack of leave, arbitrary dismissal and failure to pay the minimum wage were common across employers.

**CARE International 1999 Sewing for a Better Future? CARE, Phnom Penh**

**Available from: CDRI library**

This was a small study involving 77 workers (male and female) from 3 garment factories, designed to inform a sexual and reproductive health project being implemented by CARE Cambodia(see Appendix 2). While the study was focused on attitudes and practices relating to sexual health, it also includes discussion of labour conditions and workers' experience of factory employment. It found that while poverty is the driving force that brings young people to the city to work in garment factories, many struggle to earn a living wage that will support themselves and their families, to whom they remit substantial payments. Most workers aspire to change their employment in order to increase their income.

**Gorman, Siobhan 1997 Implications of Socio-Economic Change for Women's Employment in Cambodia: A Case Study of Garment Factory Workers, Centre for Adult and Higher Education, Manchester, Available from CDRI library**

A small study based on semi-structured interviews with workers from two factories in Phnom Penh, and interviews with family members. Findings from this research were confirmed in later, more detailed research with large survey samples, such as the ADB study, and include the observation that women aspire to return to their villages to resume cultivation, or to set up their own businesses, but lack the skills and capital to do so.

## **2. THE FUTURE OF THE CAMBODIAN GARMENT INDUSTRY AND IMPACT OF GLOBALISATION**

**Beresford, M. et al 2004 The Macroeconomics of poverty reduction in Cambodia, UNDP, Phnom Penh**

This UNDP study suggests that to date there has been insufficient donor investment in agriculture in Cambodia, and that recent growth in services and industry has benefited only a small percentage of Cambodians, based in cities. It argues that the garment sector has offered a narrow window of opportunity for women that is set to constrict even further with the lifting of quotas and WTO accession. The narrow export base leaves Cambodia very vulnerable to international competition, in particular from countries such as China. Strategies to protect the industry include backward linkages - production of inputs - to reduce turnaround times, investment in skill development for the current workforce, and greater diversification of the industry base in Cambodia. Ensuring that women are specifically addressed in these strategies will be critical to ensure they are able to take advantage of new opportunities that may arise, and to combat poverty.

**IMF 2004 Cambodia: Concluding Statement for the 2004 Article IV Consultation Discussion, IMF**

The IMF offers some fairly gloomy forecasting, suggesting that there will be a slowdown in growth in 2005, due to the elimination of the quota system, and direct competition from neighbouring countries. Growth could be limited to 2-4% per annum in the short term.

**Naron, Hang Chuon 2002 The effects of WTO membership on SME's and Garment Sector of Cambodia, Ministry of Economy and Finance, Phnom Penh**

Dr Hang Chuon Naron provides a detailed analysis of the likely future of the garment industry, much of which is reiterated in the RGC Expenditure Framework document (below). China is seen to be the greatest threat to Cambodian garment sector exports, together with internal barriers such as high minimum wages, compliance costs associated with meeting labour standards and restrictions on work shifts. Strategies identified in the paper include addressing labour costs, infrastructure and utility costs, development of non-quota markets, and establishing EPZs to attract foreign investment.

**Royal Government of Cambodia 2004 The Medium-Term Expenditure Framework for Cambodia 2005-2007 First Draft, Ministry of Economy and Finance, Phnom Penh**

The draft expenditure framework includes a detailed analysis of the garment sector, noting the narrow basis of economic growth, concentrated in the garment sector and in tourism. As garment sector exports are declining, and phasing out of quotas will bring significant change to the industry, efforts to address costs to the industry,

including costs of labour, utilities and infrastructure will be critical. Expansion of product ranges and markets will also be essential. Competition with countries such as China will be significant, and consequences may include lost exports, lost jobs and lower incomes for workers in the garment sector. Significant decline is predicted for 2005, with one third of firms expected to close, larger firms absorbing some of the existing market share, and some firms relocating, for example to Thailand. If reforms are not implemented, it is predicted that the sector will not recover after 2005, and firms accounting for about 30% of output will be forced to shut down.

#### **Salinger, L. 2004 Known and Unknown Dimensions of Cambodian Garment Sector Challenges after 2004: Results of Scoping Mission for USAID**

This scoping paper was commissioned by USAID to identify the range of analysis and support being provided to the garment sector by donors and other agencies, in order to identify additional areas of analysis whereQ USAID might make a contribution. The paper identifies a range of studies and interventions which contribute to a competitiveness audit, including an overview of the sector, labour and social impacts, a value-chain cost analysis, institutional analysis, microeconomic analysis and growth linkages analysis. The paper describes a range of interventions targeting factory management and staff, and suggests that the two areas where USAID can make a contribution are by conducting a study to understand the factors that contribute to labour productivity, including workforce development, and by exploring ways to increase the global marketability of Cambodian fiber, textile and tailoring skills.

#### **World Bank Group 2004 Cambodia: Seizing the Global Opportunity: Investment Climate and Reform Strategy**

This report is designed to inform development of a Private Sector Strategy Framework, and includes a 12 point action plan adopted by the Royal Government of Cambodia to facilitate the development of a robust private sector in Cambodia. The report argues for two key interventions to strengthen the private sector and increase growth - diversification of industries, and increased productivity. Growth in Cambodia, while at 5-6% of GDP per annum, has not yet made any significant impact on poverty. This is due in part to the fact that the base for growth has been narrow - principally in the garment industry - and has not impacted on the agricultural sector, which employs 80% of the population, including the poorest Cambodians. The report suggests that growth in the garment sector is likely to be impacted by the lifting of quotas, and that potential impacts may include greater cost competitiveness, and a more concentrated sector with fewer, larger factories. While value-added strategies, such as positioning the industry as socially responsible, may assist in protecting the industry, the current skill base is inadequate to support these initiatives.

### **3. ADDITIONAL REFERENCES**

Angsuthanasombat, K. et al 2001 The Situation and Case Study of Informal Labour in Bangkok: The aftermath of an economic crisis, Committee for Asian Women, Bangkok

Archarya, S. et al 2003 Off-farm and Non-farm Employment: A Perspective on Job Creation in Cambodia Working Paper 26 Cambodian Development Resource Institute, Phnom Penh

Asian Development Bank (ADB) 2004a Asian Development Outlook 2004, ADB, Manila

**Gorman, Siobhan 1997 Implications of Socio-Economic Change for Women's Employment in Cambodia: A Case Study of Garment Factory Workers, Centre for Adult and Higher Education, Manchester, Available from CDRI library**

A small study based on semi-structured interviews with workers from two factories in Phnom Penh, and interviews with family members. Findings from this research were confirmed in later, more detailed research with large survey samples, such as the ADB study, and include the observation that women aspire to return to their villages to resume cultivation, or to set up their own businesses, but lack the skills and capital to do so.

## **2. THE FUTURE OF THE CAMBODIAN GARMENT INDUSTRY AND IMPACT OF GLOBALISATION**

**Beresford, M. et al 2004 The Macroeconomics of poverty reduction in Cambodia, UNDP, Phnom Penh**

This UNDP study suggests that to date there has been insufficient donor investment in agriculture in Cambodia, and that recent growth in services and industry has benefited only a small percentage of Cambodians, based in cities. It argues that the garment sector has offered a narrow window of opportunity for women that is set to constrict even further with the lifting of quotas and WTO accession. The narrow export base leaves Cambodia very vulnerable to international competition, in particular from countries such as China. Strategies to protect the industry include backward linkages - production of inputs - to reduce turnaround times, investment in skill development for the current workforce, and greater diversification of the industry base in Cambodia. Ensuring that women are specifically addressed in these strategies will be critical to ensure they are able to take advantage of new opportunities that may arise, and to combat poverty.

**IMF 2004 Cambodia: Concluding Statement for the 2004 Article IV Consultation Discussion, IMF**

The IMF offers some fairly gloomy forecasting, suggesting that there will be a slowdown in growth in 2005, due to the elimination of the quota system, and direct competition from neighbouring countries. Growth could be limited to 2-4% per annum in the short term.

**Naron, Hang Chuon 2002 The effects of WTO membership on SME's and Garment Sector of Cambodia, Ministry of Economy and Finance, Phnom Penh**

Dr Hang Chuon Naron provides a detailed analysis of the likely future of the garment industry, much of which is reiterated in the RGC Expenditure Framework document (below). China is seen to be the greatest threat to Cambodian garment sector exports, together with internal barriers such as high minimum wages, compliance costs associated with meeting labour standards and restrictions on work shifts. Strategies identified in the paper include addressing labour costs, infrastructure and utility costs, development of non-quota markets, and establishing EPZs to attract foreign investment.

**Royal Government of Cambodia 2004 The Medium-Term Expenditure Framework for Cambodia 2005-2007 First Draft, Ministry of Economy and Finance, Phnom Penh**

The draft expenditure framework includes a detailed analysis of the garment sector, noting the narrow basis of economic growth, concentrated in the garment sector and in tourism. As garment sector exports are declining, and phasing out of quotas will bring significant change to the industry, efforts to address costs to the industry,



## **APPENDIX C ANNOTATED BIBLIOGRAPHY OF KEY SOURCES - RESEARCH ON WOMEN WORKERS AND THE FUTURE OF THE CAMBODIAN GARMENT INDUSTRY**

### **I. RESEARCH ON WOMEN IN THE GARMENT INDUSTRY**

**Cambodian Researchers for Development (CRD) 2004 Garment Employees in Cambodia: A socio-economic survey, ADB, Phnom Penh**

**Available from: ADB (not on website)**

This research was conducted by the ADB to inform a TA designed to mitigate against the affects of the lifting of quotas on women in the garment industry, and is the largest study on workers in the garment sector to date. The research involved interviews with 1538 workers in 10 different factories, 10 focus groups, interviews with key informants and observation in selected sites. The study focused on socio-economic characteristics of garment workers, motivations for taking up and leaving garment factory employment, labour turnover, and workers aspirations for the future. Findings from the survey were used to inform development of pilot projects to support women to make the transition to WTO accession and the lifting of quotas (see Appendix B).

**Chea Huot and Sok Hach 2001 'The Cambodian Garment Industry', Cambodia Development Review Vol. 5 (3) July-September 2001, CDRI, Phnom Penh; Sok Hach et al 2001 'The Garment Industry in Cambodia: Performance, Challenges and Policies' pp 47-62 in Cambodia's Annual Economic Review 2001, CDRI, Phnom Penh**

**Available from: CDRI website - [www.cdri.org.kh](http://www.cdri.org.kh), CDRI library**

CDRI researchers conducted a review of available literature, and in-depth interviews with garment factory owners, government officials, garment workers and union leaders. The research findings were consistent with other studies of workers in the garment sector. The authors concluded that improving government regulation to remove disincentives and reduce delays, strengthening the enforcement of labour laws, improving the productivity and quality of garment products, membership of the WTO, reducing utilities and land costs and improving transportation infrastructure, and diversification of the export market were required to ensure the Cambodian garment industry remains competitive in future.

**Engquist, M. 2001 Making Garments Worth Producing: A survey on the Trade Union Movement Within the Cambodian Garment Industry, Phnom Penh**

**Available from: CDRI library**

This study on the trade union movement in Cambodia includes an assessment of labour conditions within garment factories. The report found that conditions within garment factories were sub-standard: forced overtime, sexual harassment, poor working environments, lack of leave, arbitrary dismissal and failure to pay the minimum wage were common across employers.

**CARE International 1999 Sewing for a Better Future? CARE, Phnom Penh**

**Available from: CDRI library**

This was a small study involving 77 workers (male and female) from 3 garment factories, designed to inform a sexual and reproductive health project being implemented by CARE Cambodia(see Appendix 2). While the study was focused on attitudes and practices relating to sexual health, it also includes discussion of labour conditions and workers' experience of factory employment. It found that while poverty is the driving force that brings young people to the city to work in garment factories, many struggle to earn a living wage that will support themselves and their families, to whom they remit substantial payments. Most workers aspire to change their employment in order to increase their income.

**Gorman, Siobhan 1997 Implications of Socio-Economic Change for Women's Employment in Cambodia: A Case Study of Garment Factory Workers, Centre for Adult and Higher Education, Manchester, Available from CDRI library**

A small study based on semi-structured interviews with workers from two factories in Phnom Penh, and interviews with family members. Findings from this research were confirmed in later, more detailed research with large survey samples, such as the ADB study, and include the observation that women aspire to return to their villages to resume cultivation, or to set up their own businesses, but lack the skills and capital to do so.

## **2. THE FUTURE OF THE CAMBODIAN GARMENT INDUSTRY AND IMPACT OF GLOBALISATION**

**Beresford, M. et al 2004 The Macroeconomics of poverty reduction in Cambodia, UNDP, Phnom Penh**

This UNDP study suggests that to date there has been insufficient donor investment in agriculture in Cambodia, and that recent growth in services and industry has benefited only a small percentage of Cambodians, based in cities. It argues that the garment sector has offered a narrow window of opportunity for women that is set to constrict even further with the lifting of quotas and WTO accession. The narrow export base leaves Cambodia very vulnerable to international competition, in particular from countries such as China. Strategies to protect the industry include backward linkages - production of inputs - to reduce turnaround times, investment in skill development for the current workforce, and greater diversification of the industry base in Cambodia. Ensuring that women are specifically addressed in these strategies will be critical to ensure they are able to take advantage of new opportunities that may arise, and to combat poverty.

**IMF 2004 Cambodia: Concluding Statement for the 2004 Article IV Consultation Discussion, IMF**

The IMF offers some fairly gloomy forecasting, suggesting that there will be a slowdown in growth in 2005, due to the elimination of the quota system, and direct competition from neighbouring countries. Growth could be limited to 2-4% per annum in the short term.

**Naron, Hang Chuon 2002 The effects of WTO membership on SME's and Garment Sector of Cambodia, Ministry of Economy and Finance, Phnom Penh**

Dr Hang Chuon Naron provides a detailed analysis of the likely future of the garment industry, much of which is reiterated in the RGC Expenditure Framework document (below). China is seen to be the greatest threat to Cambodian garment sector exports, together with internal barriers such as high minimum wages, compliance costs associated with meeting labour standards and restrictions on work shifts. Strategies identified in the paper include addressing labour costs, infrastructure and utility costs, development of non-quota markets, and establishing EPZs to attract foreign investment.

**Royal Government of Cambodia 2004 The Medium-Term Expenditure Framework for Cambodia 2005-2007 First Draft, Ministry of Economy and Finance, Phnom Penh**

The draft expenditure framework includes a detailed analysis of the garment sector, noting the narrow basis of economic growth, concentrated in the garment sector and in tourism. As garment sector exports are declining, and phasing out of quotas will bring significant change to the industry, efforts to address costs to the industry,

including costs of labour, utilities and infrastructure will be critical. Expansion of product ranges and markets will also be essential. Competition with countries such as China will be significant, and consequences may include lost exports, lost jobs and lower incomes for workers in the garment sector. Significant decline is predicted for 2005, with one third of firms expected to close, larger firms absorbing some of the existing market share, and some firms relocating, for example to Thailand. If reforms are not implemented, it is predicted that the sector will not recover after 2005, and firms accounting for about 30% of output will be forced to shut down.

#### **Salinger, L. 2004 Known and Unknown Dimensions of Cambodian Garment Sector Challenges after 2004: Results of Scoping Mission for USAID**

This scoping paper was commissioned by USAID to identify the range of analysis and support being provided to the garment sector by donors and other agencies, in order to identify additional areas of analysis whereQ USAID might make a contribution. The paper identifies a range of studies and interventions which contribute to a competitiveness audit, including an overview of the sector, labour and social impacts, a value-chain cost analysis, institutional analysis, microeconomic analysis and growth linkages analysis. The paper describes a range of interventions targeting factory management and staff, and suggests that the two areas where USAID can make a contribution are by conducting a study to understand the factors that contribute to labour productivity, including workforce development, and by exploring ways to increase the global marketability of Cambodian fiber, textile and tailoring skills.

#### **World Bank Group 2004 Cambodia: Seizing the Global Opportunity: Investment Climate and Reform Strategy**

This report is designed to inform development of a Private Sector Strategy Framework, and includes a 12 point action plan adopted by the Royal Government of Cambodia to facilitate the development of a robust private sector in Cambodia. The report argues for two key interventions to strengthen the private sector and increase growth - diversification of industries, and increased productivity. Growth in Cambodia, while at 5-6% of GDP per annum, has not yet made any significant impact on poverty. This is due in part to the fact that the base for growth has been narrow - principally in the garment industry - and has not impacted on the agricultural sector, which employs 80% of the population, including the poorest Cambodians. The report suggests that growth in the garment sector is likely to be impacted by the lifting of quotas, and that potential impacts may include greater cost competitiveness, and a more concentrated sector with fewer, larger factories. While value-added strategies, such as positioning the industry as socially responsible, may assist in protecting the industry, the current skill base is inadequate to support these initiatives.

### **3. ADDITIONAL REFERENCES**

Angsuthanasombat, K. et al 2001 The Situation and Case Study of Informal Labour in Bangkok: The aftermath of an economic crisis, Committee for Asian Women, Bangkok

Archarya, S. et al 2003 Off-farm and Non-farm Employment: A Perspective on Job Creation in Cambodia Working Paper 26 Cambodian Development Resource Institute, Phom Penh

Asian Development Bank (ADB) 2004a Asian Development Outlook 2004, ADB, Manila

ADB 2004b TA to the People's Republic of Bangladesh for the Social Protection of Poor Female Workers in the Garment Sector in the Context of Changing Trade Environments Project, ADB, Manila

ADB 2003 TA to the Kingdom of Cambodia for preventing poverty and empowering female garment workers affected by the changing international trade environment, ADB, Manila

ADB 2002 TA to the Kingdom of Cambodia for sustainable employment promotion for poor women, ADB, Manila ADB 2001 Participatory Poverty Assessment in Cambodia, ADB, Manila

ADB 2003 TA to the Kingdom of Cambodia for preventing poverty and empowering female garment workers affected by the changing international trade environment, ADB, Manila ADB 2002 TA to the Kingdom of Cambodia for sustainable employment promotion for poor women, ADB, Manila

ADB 2001 Participatory Poverty Assessment in Cambodia, ADB, Manila

Beaufils, L. 2000 Population Matters in Cambodia: A study on gender, reproductive health and related population concerns in Cambodia, UNFPA, Phnom Penh

Bouche, N. et al 2003 Social Impact Assessment (SIA) of Koh Kong Export Processing Zone Project: Draft Final Report, UNDP

Cagatay, N. 2001 Gender, Poverty and Trade UNDP, Geneva

CARE Cambodia 2002 A stitch in time saves nine: Tailoring health in the garment factories: Evaluation and comparison of a sexual and reproductive health project in intervention and non-intervention factories, CARE Cambodia: Phnom Penh

Chan Sophal and So Sovannarith 1999 Cambodian Labour Migration to Thailand: A Preliminary Assessment, Working Paper 11, CDRI, Phnom Penh

Council for Social Development 2004 Cambodia Poverty and Development Monitoring Indicators (CPDMI) Definitions and Data Sources, prepared by the Poverty Monitoring and Analysis Technical Unit (forthcoming)

Gender and Development for Cambodia 2002 Gender in Technical and Vocational Education and Training, Phnom Penh

Godfrey, M. et al 2001 A Study of the Cambodian Labour Market: Reference to Poverty Reduction, Growth and Adjustment to Crisis, Working Paper 18, CDRI, Phnom Penh

Gorman, Siobhan et al 1999 Gender and Development in Cambodia: An Overview Working Paper 10, Cambodian Development Resource Institute, Phnom Penh

Gothoskar, S. 2001 Women in the informal economy in south-east Asia: a literature review, Committee for Asian Women, Bangkok

ILO 2000 Poverty Alleviation Through Micro and Small Enterprise Development in Cambodia, ILO, Bangkok

Nordas, H.K. 2004 The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing, WTO, Geneva

Nurin, A. 2002 The Informal Sector Economy in Asia from the Decent Work Perspective, ILO, Geneva

Oxfam International 2004a Trading Away Our Rights, Oxfam International, Oxford

Oxfam International 2004b Cambodia's Accession to the WTO: How the law of the jungle is applied to one of the world's poorest countries, Oxfam International, Oxford

Oxfam International 2001 Harnessing Trade for Development, Oxfam International, Oxford

Pitt, M., et al 2003 Does Micro-Credit Empower Women? Evidence from Bangladesh, The World Bank Development Research Group Rural Development, Washington

Royal Government of Cambodia 2003 Cambodia: National Poverty Reduction Strategy 2003-2005, RGC, Phnom Penh

Samdech Hun Sen 2004 Address on the "Rectangular Strategy" for Growth, Employment, Equity and Efficiency, First Cabinet Meeting of the Third Legislature of the National Assembly, At the Office of the Council of Ministers, Phnom Penh, 16 July 2004

H.E. Sok Siphana 2003 'UNESCAP Study on Accession to the WTO - Cambodia Country Study' paper presented at The Integrated Framework and WTO Accession: Challenges and Opportunities for Poverty Reduction, 1-3 May 2003, Phnom Penh

UNIFEM et al 2004a A Fair Share for Women: Actions needed to achieve the Millenium Development Goals for Women and Men, UNIFEM, WB. ADB. UNDP, DFID/UK, Phnom Penh

UNIFEM et al 2004b A Fair Share for Women: Cambodia Gender Assessment, UNIFEM, WB. ADB. UNDP, DFID/UK, Phnom Penh



## I. OBJECTIVES

This project seeks to mainstream gender into existing UNDP work on MDGs with its focus on national capacity building and advocacy. It will serve as a vehicle for ensuring that the gender dimensions of MDGs are identified, analyzed and reflected in national targets and that a gender perspective is maintained throughout the process of reporting, monitoring and advocacy on the MDGs at national levels.

The project has three key constituencies, all at country level: government, civil society, and UN Country Teams. For the MDGs to take root in countries, each of these constituencies has key roles to play.

The sub-goals of the project apply to these three constituencies:

1. To advocate with policy-makers and programme planners that mainstreaming gender equality in all of the MDGs is central to national development.
2. To strengthen approaches for gender-sensitive monitoring and reporting on progress toward achieving the MDGs.

## II. STRATEGY

The pilot countries for the project are: Cambodia, Kenya, Kyrgyzstan, Maroc, and Peru.

The two key strategies of this project are:

- a. **Advocacy** - Commitments to gender equality and women's empowerment have been made by Cambodia, through the agreement to the Beijing PFA, CEDAW, and a broad range of regional and national plans of action and agreements. Specifically, the project partners will develop advocacy strategies, materials and methods to mainstream gender equality messages into existing MDG advocacy campaigns. Each of the pilot countries will develop locally appropriate strategies, materials, and distribution mechanisms all designed to achieve common goals.
- b. **Capacity-building** - MDG processes will continue at the country level through, at least, 2015. The importance of developing local level capacity through the implementation process of this project is linked to its long-term sustainability. The capacity building will focus on advocacy and policy dialogue; development and tracking of gender-sensitive indicators; use and presentation of sex-disaggregated data; media and communications; and ways of fostering linkages between MDG and PRSP exercises.

## III. STRATEGY IN CAMBODIA

Gender and MDG Cambodia of UNIFEM/UNDP seeks to partnership with MOWA, CNCW and Civil societies network organizations to:

- Build awareness through capacity building on Cambodian MDGs and gender policy Briefs to women groups in the government and Civil society at the national and grassroots level.
- Advocacy with policy makers on goal 1 and 6- on poverty of Cambodian women and vulnerability of Cambodian women to the contamination of HIV/AIDS.
- Work with related UN agencies to bring in the gender issues into the MDG campaign in the years to come.
- Organize dialogues among the policy makers and stake holders.
- Media campaign on the issues on goal 1 and 6 of Cambodian MDGs.



## ABOUT SILAKA

SILAKA is a non-political, non-sectarian Cambodian capacity building organization, registered with the Royal government of Cambodia in January 1997. SILAKA works to strengthen the capacity of local public, private and government institutions through linkage(s), education and training in core skills and concepts (administration, management and finance) as well as participating, or developing and implementing projects for the advancement of transparent, gender balance, and accountable organizations and institutions. SILAKA also works on peace and reconciliation as a fundamental step to create an enabling environment for human security and development.

### CONTACT PERSON:

Ms. Thida C. Khus, Coordinator  
Gender and MDGs Cambodia  
SILAKA- 6 S, Street 21, Sangkat Tonle Bassac  
Khan Chamcar Mon, Phnom Penh, Cambodia

Tel: (855) 23 217 872  
Fax : (855) 23 213 108  
HP : (855) 12 838 464  
Email: <silaka@forum.org.kh>





---

**CONTACT PERSON:**

**Ms. Lucita S.Lazo**  
**Regional Programme Director**  
**UNIFEM East & Southeast Asia Regional Office**  
**5th Floor, UN Building**  
**Rajadamnern Avenue**  
**Tel: (662) 288-2093/288-2589**  
**Fax: (622) 280-6030**