In Cambodia, Sweden through Sida, Hennes & Mauritz AB (H&M) and the International Labour Organisation (ILO) collaborate on industrial relations in a “Public Private Development Partnership” (PPDP). The purpose of the project is to strengthen industrial relations and promote collective bargaining with a view to improve wages and working conditions for textile and garment workers.

**THE PROJECT**

The textile and garment sector is Cambodia’s largest manufacturing industry and has had significant impact on the trade unions and industrial relations in the country. Healthy industrial relations in Cambodia have been hampered by unfair labour practices since the emergence of the first trade unions in the 1990’s. One example of these practices is employer interference in, or control over, unions and their activities. This is one factor contributing to the proliferation of trade unions in the garment industry, which has left them fragmented, and many with limited capacity. In order to formulate policies and good practices to eliminate unfair labour practices and promote decent work, H&M, ILO and Sweden through Sida agreed to collaborate on a project to improve industrial relations.

The objective of the project is to improve working conditions and wages for factory workers in the Cambodian textile industry by:

- Supporting the social partners to build strong industrial relations with genuine collective bargaining agreements.
- Strengthening the regulatory framework governing industrial relations and collective bargaining.
- Building capacity at the enterprise, industry and government level for improved dispute prevention and social dialogue.

Examples of activities within the project include promoting agreements between workers and employers at the enterprise level, supported by trainings in workplace cooperation, gender equality and non-discrimination at the workplace, labour law, negotiation skills and dispute resolution procedures. At industry level the project engages in dialogue on policy matters with the Garment Manufacturers of Cambodia (GMAC), major union confederations and the national Ministry of Labour and Vocational Training.

**THE DEVELOPMENT OBJECTIVE**

The project promotes international human rights in general and international labor rights specifically, including the promotion of well-functioning industrial relations institutions and processes and improved collective bargaining agreements in Cambodia’s garment industry. The project’s strong focus to strengthen democratic institutions is consistent with Sida’s thematic priority of supporting democratic development and human rights.

The project is in line with the results strategy for Sweden’s development cooperation with Cambodia, which focuses on increased knowledge of freedom, civil rights and the rule of law in the elected assemblies and public administration at central and local level. Since the textile and garment sector is a female-dominated industry the project has contributed to improving the rights of many women workers (for example, the number of women elected to union leadership positions in enterprise unions increased by nearly 50%). The project is also well aligned with Sweden’s recently launched Global Deal initiative that seeks to promote social dialogue as a mean for sustainable and inclusive growth at a global level.

**THE PARTNERS**

The partnership between ILO, H&M and Sida is based on the distinctive strengths of each partner. ILO was assessed to be the best suited implementing partner due to its long experience of working in the garment sector in Cambodia and its access to relevant stakeholders and key partners required for well-functioning industrial relations and social dialogue (government, employers, workers). ILO led the project design in close collaboration with the national tripartite constituents, the embassy, and H&M.
The trade union IF Metall was also a close partner. At factory level, the project is responsible for conducting a series of training programs building capacity of employers, workers and their representatives to better understand implement and enforce rights and obligations. H&M has assured access to their supply chain and made factories available for implementation of the project. Also, H&M is a strong influencer in the textile industry and used its influence to support improvements in industrial relations.

SIDA’S PRINCIPLES FOR COLLABORATION

Additionality: All project partners are independent actors with comparative advantages in their specific field of expertise. When combining strengths the partnership coalition can achieve better results at a larger scale than each partner would on their own. Sida’s involvement is assessed to increase the pro-poor perspective and have brought development additionality to the project.

Catalytic: The project aims to improve industrial relations in the garment industry through a mixture of policy advice and capacity building on different levels, i.e. enterprise level, industry level and national level. Through H&M’s involvement Sida has catalysed knowledge and long-term investments from the private sector.

Core business: The private sector partner’s core business and commitment to improve social sustainability throughout their value chain has been essential to the project that aims to create conditions for resolving disputes at the negotiating table. Increased dialogue and stability in the relationship between workers and employers increases productivity and benefits both the factory workers, factory owners and H&M as a buyer.

Cost-sharing: The total budget for the project amounts to approximately 834 301 USD over three years. H&M provided 348 790 USD and Sida 485 511 USD. In kind contributions were also made by the Swedish trade union IF Metall.

Systemic change of markets: The project facilitates the creation of decent jobs that respects international human rights laws. Strengthened industrial relations and a more stable business environment for the textile and garment sector in Cambodia makes it more viable for investors to enter the market and spark economic growth. It will also result in more secure employment opportunities and better working conditions for Cambodians living in poverty.

PERFORMANCE

The implementation of the project began in 2014 and had its strongest impact at the factory level. Long term impact on industry and national level is likely to require more time. Selected results from the independent evaluation undertaken in 2017 are;

- 26 factories participated in the project and signed a factory version of the Garment Industry MoU, committing to refrain from Unfair Labor Practices and engage in collective bargaining agreements.
- Clear impact in terms of the transference of knowledge and skills at the enterprise-level and with trained conciliators. The relationship between workers and management, in terms of cooperation and communication, has improved in participating factories.
- Anecdotal evidence from respondents that industrial relations in the garment industry have improved during the life of the project and that the relevant industry and factory MoUs have played a positive role in this regard.
- 79% of evaluation respondents stated industrial relation outcomes were better in factories participating in the project than those not involved.*

Further information:

- ILO: Labour Relations and Collective Bargaining
- Better Factories Cambodia
- Global Deal

* Evaluation answer ratio; Certainly (58%), Likely (21%)