Cambodia factory monitoring “needs urgent reform”

By Richard Woodard | 28 February 2013

The long-running Better Factories Cambodia (BFC) monitoring programme is in urgent need of reform, according to a new report, which suggests the country’s reputation as a standard-bearer for apparel workers’ rights is “wearing thin”.

The report, “Monitoring in the Dark – an evaluation of the International Labour Organization’s (ILO) Better Factories Cambodia monitoring and reporting programme”, has been released by the Worker Rights Consortium and Stanford Law School.

In a detailed investigation, Stanford’s International Human Rights and Conflict Resolution Clinic found that there were “serious doubts” over whether this reputation is still justified - despite the fact that the BFC model is being widely replicated in other garment-producing countries through the ILO’s Better Work Program.

In particular, the report says that, during the 11 years of BFC’s operations in Cambodia, there have been declines in wage levels and basic job security, including widespread use of temporary contracts for workers.

Meanwhile, true collective bargaining between workers and their employers, and basic issues of occupational health and safety, remain “elusive”, the report finds.

Indeed, it surmises that the tacit acceptance of Cambodia's good reputation for apparel workers' rights - a reputation which the report says is at least partly unwarranted - has prevented BFC and others from doing more to improve the situation.

Strikingly, the report accuses BFC of “a glaring lack of transparency and an institutional over-emphasis on protecting the interests of factory owners and international buyers, rather than responding to appeals from garment workers to protect them from abuse”.

Wake-up call for worker rights

BFC was originally set up in the wake of the 1999 US-Cambodia Textile and Apparel Trade Agreement (UCTA), as a check to make sure that the country’s garment factories were improving worker rights in return for enhanced access to the US market.

But when import quotas ended in 2005, the role of BFC changed and, the report claims, its public reports were compiled with less transparency - probably because there was no longer a link between textile exports and improving labour standards.

"Without the transparency that could otherwise feed into a consumer-driven incentive scheme motivating factory owners and buyers to correct labour violations and strive for improved working conditions, BFC has been increasingly powerless to address long-standing labour rights problems in the Cambodian garment industry or to prevent a slow backward slide in certain conditions for workers," the report says.

Despite the expiration of the UCTA in 2005, Cambodia’s garment sector has continued to expand - something which the report says derives “mainly” from the country having some of the lowest garment worker wages in the world (and it contrasts this with increasing wages in the likes of China, Indonesia and Vietnam, none of which had ILO programmes
until recently).

It sums this up by characterising the post-2005 sector expansion as occurring in “an atmosphere of continual tension”: buyers want to benefit from the kudos of the good reputation of Cambodia and BFC, while keeping prices as low as possible; factory owners have to stay competitive and – in theory, at least – pay attention to worker rights.

Meanwhile, the workers are squeezed in the middle, impacted by excessive working hours and poor health and safety conditions, with exhaustion, overheating and malnutrition reportedly contributing to incidences of mass fainting.

While unscrupulous factory workers may be directly responsible for these issues, the report also partly blames the inability of the Cambodian government to enforce labour laws effectively – and the “enormous pressure” placed on the industry to keep costs down by international buyers.

Potential solutions
After enumerating the problems and their claimed causes, the report then outlines potential solutions – or, in general terms, “the need for other stakeholders both to take more effective action, on their own, to improve conditions for Cambodian garment workers, and to support a set of measures to make BFC a more effective agent for achieving such progress”.

What measures? The recommendations fall into three distinct areas: the BFC’s factory reports, its dealings with garment workers, and its remediation process.

The first seeks to restore the reputation for transparency which was BFC’s hallmark in the programme’s early years, by reforming its methods of reporting on individual factories.

Currently, reports following BFC factory inspections are only made available to the factory owners and the brands sourcing apparel from those factories.

Describing this process as “Black Box Monitoring”, the report argues that it “significantly reduces” incentives to improve conditions – and suggests that public reports should be issued instead (albeit only after owners, buyers and worker representatives have had a chance to address any issues identified in inspections).

Secondly, the report is critical of BFC’s efforts to seek input from, and address the concerns of, garment workers and their representatives.

It recommends that worker interviews are conducted off-site, thus avoiding the potential for pressure to be exerted by factory owners, and that a system is put in place to respond directly to worker concerns.

Finally, the report believes BFC needs more power to enforce remediation of labour rights violations at individual factories, suggesting that it should require both buyers and factories to submit remediation plans jointly to BFC, which should aim to achieve compliance with Cambodian labour laws and international labour standards.

“We believe that these recommendations will help BFC function more effectively in what continues to be a difficult environment for garment workers,” the report concludes.

While it clearly has most relevance for the Cambodian garment sector, this detailed investigation has resonance throughout the sector – since BFC is regarded as a “model” for programmes in other countries.

The key is to find a way to resurrect the strong reputation that BFC enjoyed in the early years after its establishment – but which was so closely connected to the economic “carrot” of the import quotas outlined in the 1999 UCTA.

As the report says: “Unless BFC and other BFC-inspired ILO Better Work programmes develop effective mechanisms to substitute for the defunct export quota-linked incentives, the BFC model risks losing its relevance both in Cambodia and globally.”
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