

Cambodia Context Analysis for CNV International

Final Report October 2010

**Roger Henke
Serey Phal Kien**

With data gathering assistance from Seiha Neou (EIC)

Contents

Preface and Acknowledgements

Acronyms

1. General context: economy, social, political introduction
2. a. Labor and their organisations in de formal economy
b. Social dialogue
3. a. Informal economy
b. Gender equality
c. Fair globalization
4. a. Overall opportunities and threats
b. Overall conclusions and recommendations

Bibliography

Annexes:

1. Terms of reference
2. List of persons consulted
3. Word Bank Governance indicators and Cambodia's ranking
4. Assessment of important (potential growth) sectors of the Cambodian economy

Preface and Acknowledgements

This report is based on secondary sources, e-mail consultations and interviews in Phnom Penh (and one day in Bangkok) conducted between 17 May and 4 June 2010.

The main consultants, Roger Henke and Serey Phal Kien, were assisted by Seiha Neou from the Economic Institute of Cambodia who compiled some relevant recent economic data for us. The report's main author is Roger Henke.

The report strictly follows¹ the Terms of Reference guideline (see annex 1) in order to facilitate the comparison of Cambodia with the other countries that are part of this CNV exercise. This does not make for an optimal narrative flow because there is a lot of overlap between the topics but we hope the pros of this choice outweigh the cons.

The 'conclusions and recommendations' and the 'opportunities and threats' sections of the report are very cautious. The context analysis tries to describe the current situation including any relevant trends, but knowledgeable key informants – as is usual – tend to differ in their assessment of important aspects of both current and possible future realities. This is the reason for the exception to the approach of strictly following the ToR guidelines: opportunities and threats and conclusions and recommendations are described in one chapter at the end and will not try to adjudicate between different interpretations but try to highlight strategic choices and options.

Much of the secondary sources used for this report (see bibliography) are available online and/or are available with the authors in digital form. The final report is accompanied by a CD containing digital versions of most references so as to allow users – also those with slow internet connections - easy access.

We hope that this context analysis can to some extent repay the considerable time invested into it by our many interview partners. Often their contribution was not limited to actual interview time only but also includes follow up e-mail input and digging up additional information. We want to acknowledge the assistance received throughout from CNV International and especially from their local partner CLC.

¹ With the exception of a couple of topics that seemed overly broad, repetitive or otherwise not relevant to address.

Acronyms

ACMECS	Ayeyawady-Chao Phraya Mekong Economic Cooperation Strategy
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
CBO	Community Based Organization
CLEC	Community Legal Education Center
COMFREL	Committee for Free and Fair Elections in Cambodia
CPP	Cambodian People's Party
CSES	Cambodia Socio-Economic Survey
FUNCIPEC	National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia
GAD/C	Gender and Development/Cambodia
GMS	Greater Mekong Sub-region
HDI	Human Development Index
IFI	International Financial Institution
INGO	International Non Governmental Organization
IO	International Organization
ILO	International Labor Organization
ILO-BFC	International Labor Organization – Better Factories Cambodia
ILO-WEP	International Labor Organization – Workers Education Project
LAC	Labor Arbitration Committee
LICADHO	Cambodian League for the Promotion & Defense of Human Rights
LNGO	Local Non Governmental Organization
MPI	Multidimensional Poverty Index
NGO	Non Governmental Organization
NIS	National Institute of Statistics
NSDP	National Strategic Development Plan
NSSF	National Social Security Fund
PRSP	Poverty Reduction Strategy Paper
RGC	Royal Government of Cambodia
SAC	Social Action for Change
SRP	Sam Rainsy Party
UN	United Nations
UNTAC	United Nations Transitional Authority in Cambodia
WAC	Women's Agenda for Change
WB	World Bank
WRC	Workers Rights Consortium
WTO	World Trade Organization

1. GENERAL CONTEXT: Economy, social, political introduction

FACTS

1.1 General

Short general information on the county: population, area, ethnic communities, date of independence, languages, etc

Cambodia is a small, coastal economy in Southeast Asia, bordering Thailand and Vietnam and Laos. Its population, 13.4 million in 2008², is demographically young³, ethnically, linguistically and religiously very homogenous⁴ and theoretically⁵ has abundant land (177,000 sq. km). The country is known for its exceptional but rapidly disappearing biodiversity, and its unique cultural heritage (especially the world's largest temple complex, commonly known as 'Angkor Wat').

Cambodia became part of French Indochina in 1887. It was occupied by the Japanese in World War II, and after a brief recolonization gained full independence from France in 1953. In April 1975, after a five-year struggle, which included intense US bombing of Cambodian territory (not sanctioned by Congress) with enormous casualties⁶ Communist Khmer Rouge forces captured Phnom Penh and evacuated all cities and towns. The ensuing 'Pol Pot' regime⁷ fell in January 1979 to a Vietnamese invasion, that backed up a Cambodian communist one-party regime which transformed itself over the next decade⁸ into what would eventually become the current ruling party (CPP). During the 1980s the non-communist international community chose to withhold recognition of this regime and supported an uneasy coalition of Khmer Rouge and non-communist armed opposition groups until the fall of the wall changed the geo-political landscape and enabled the conclusion of the 1991 Paris Peace Accords. This peace treaty mandated democratic elections, organized by the first major post-conflict United Nations (UN) peace building mission (UNTAC) and a ceasefire, only partially respected by the Khmer Rouge. The 1993 elections restored a certain measure of political stability and the last faction of the Khmer Rouge surrendered in early 1999.

Cambodia's demography has been determined by its recent history: more than 2 million Cambodians died during the Khmer Rouge period⁹, a dent in the population pyramid that is still very much visible today; 'peace dividend' baby booms in 1980-81 and in the early 1990s rejuvenated the population. But the country also experienced an early demographic transition so that recently the dependency ratio¹⁰ has been decreasing steadily¹¹.

² National Institute of Statistics

³ With young people in the age group 10-24 comprising 36 per cent of the population, Cambodia has the youngest population in Southeast Asia (CDRI, 2009)

⁴ 90% ethnic Khmer, almost entirely Buddhist, minorities of Vietnamese and Chinese and small indigenous communities in the mountainous areas, See: Center for Advanced Study (2009).

⁵ What is 'abundant' very much depends upon assessment of the economic development model used. Abundant assumes an economic transformation that shifts employment from agriculture to the industry and service sectors, and assumes export-oriented industrial agriculture on lots of that 'abundantly' available land .

⁶ Owen, T. & Kiernan, B. (2006)

⁷ Good descriptions of this period are to be found in REFERENCES

⁸ This undervalued decade of recent Cambodian history is described by e.g. Chhim (2000), Gottesman (2003), and Slocomb (2003)

⁹ Figures are heavily disputed; for a demographic analysis, see: De Walque, D. (2004)

¹⁰ Ratio of the young and the elderly over the working-age population

¹¹ A decreasing dependency ratio contributes to per capita growth. World Bank analysis expects this effect to level off: see World Bank (February 2009), p.9

1.2 Political

1.2.A Short analysis of the present political working situation: political pluralism, culture of democracy, freedom of expression, functioning of institutions of good governance, etc.

The political system has become increasingly stable in recent years. The 1990s witnessed continued political tensions between the post 1993 elections government coalition partners Cambodian People's Party (CPP) and National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia (FUNCINPEC), some turning violent to the extent that the 1997 'troubles' are regularly described as a 'coup'. Over time the country reached a steady-state with the dominance of the CPP, winning all general (1998, 2004, and 2008 - 90 out of 123 seats in parliament)¹² and even more overwhelmingly local, commune level (2003 and 2007) elections, assuming de facto one-party state characteristics. In true autocracy style, even toothless political enemies are being relentlessly pursued in zero-sum game fashion¹³. Although the autocratic nature of the ruling CPP stands out, neither former coalition partner FUNCINPEC, nor the main opposition party (Sam Rainsy Party – SRP) live up to any western style democratic party model. Over the same time period intra-CPP tensions were 'resolved' with Prime Minister Hun Sen's¹⁴ faction coming out on top. In line with its democratic centralist origins, party and current actual state organization¹⁵ are still very comparable to their 1980s predecessors, and safeguarding political hegemony at all cost is still the prime mover of fundamental governance decisions. Significant centralization of both government decisions and party structure¹⁶ (to ensure control during difficult times), CPP control of potential domains of organized dissent like the secondary and tertiary education sector, the Buddhist *Sangha* (Monkhood), and the media¹⁷, and patronage-client networks developed for stability purposes¹⁸ are important instruments for the CPP in achieving this. Importantly, the CPP can be seen to actively pursue performance legitimacy in order to ensure electoral success, and currently banks on its capacity to deliver economic development, and infrastructure in particular¹⁹.

Within civil society and the donor community there is hope that the ongoing decentralization and deconcentration process may open up political space²⁰. The reform was lobbied for by the donor community and most likely agreed to by the government because the potential flip side of such reforms is by definition increased government control at the local level. Which side of the coin will eventually be up is to be seen. The process also opens new spaces for women's participation in formal decision making. At the level of commune councils, political representation of women has increased, from 8% in the 2003 election to 15 % in 2007²¹. More female councilors may mean more attention to gender issues at local level, but certainly not in the short run.

¹² For the 2008 results, see: Comfrel (2008), p.98

¹³ The most prominent being the January 27 conviction of opposition party leader Sam Rainsy, see e.g. Meas Sokchea & Sebastian Strangio (01-03-2010)

¹⁴ First foreign minister in the early 80s, PM since the mid-1980s

¹⁵ The regime did adopt a liberal market economy model early on (pre-Paris Peace Accords), but never really shed the political philosophy underlying its Leninist precursor. See Henke (in press) for an argument why it is important to acknowledge the democratic centralist state philosophy underlying much of CPP's 'bad governance' performance.

¹⁶ David Craig and Pak Kimchoeun (in press)

¹⁷ Henke (in press)

¹⁸ E.g. Hughes (2003) and Knowles, J. et al. (2007)

¹⁹ Caroline Hughes personal communication and Guimbert (2010), p.3

²⁰ See e.g. Sedara, K. & Ójendal, J. (2009); also: personal communication Gijs Koop, advisor NGO Forum

²¹ Comfrel (2007), p.77; But this only means that female representation is now at par with that at central level: 16% of women in the National Assembly and 14 % in the Senate.

Freedom of expression is limited, with the government and CPP controlling most of the media²² and using threats, violence and defamation legislation to silence dissent. So the media are in the same bag as the political opposition, and other, civil society voices of dissent. With the courts subservient to the executive (and to money), the legal system stands out as a pernicious instrument of repression: "...the primary functions of the justice system, in LICADHO's opinion, is to perpetuate impunity for State personnel and their associates; persecute political opponents and other critics of the government; and protect the economic interests of the rich and powerful."²³ ()

Freedom of expression is only one aspect of a much broader set of features currently most often discussed under the heading of 'good governance'. Although the discursive political use of this concept is hotly debated, the general World Bank (WB) definition in itself is not per definition ideologically compromised: "Governance can be broadly defined as the set of traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them."²⁴

Of the six dimension that the WB uses to score and rank countries' governance, three are more politically oriented, one is more (market) economy oriented, and two are equally relevant to both perspectives. Of the three more political dimensions, rule of law places Cambodia at the bottom of the pile, voice and accountability and government effectiveness score a bit better but still in the lowest quarter. The economic dimension of regulatory quality has significantly deteriorated over the years but is still above par, similar to the dimension of political stability, which has significantly improved. In terms of control of corruption, however, Cambodia has been part of the bottom 10% for at least five years now, and increased political stability doesn't seem to result in any improvement. Figure 1 visualizes the trends in these indicators for the period 1996-2008. These kinds of aggregate data should always be taken with a pinch of salt because the labels of the dimensions cover quite divergent sub indicators, but the general picture emerging from this dataset is in line with what has been presented earlier: very little rule of law, very corrupt, increasingly politically stable but ineffective autocracy, with the exception of some policies supporting liberal market model economic development²⁵.

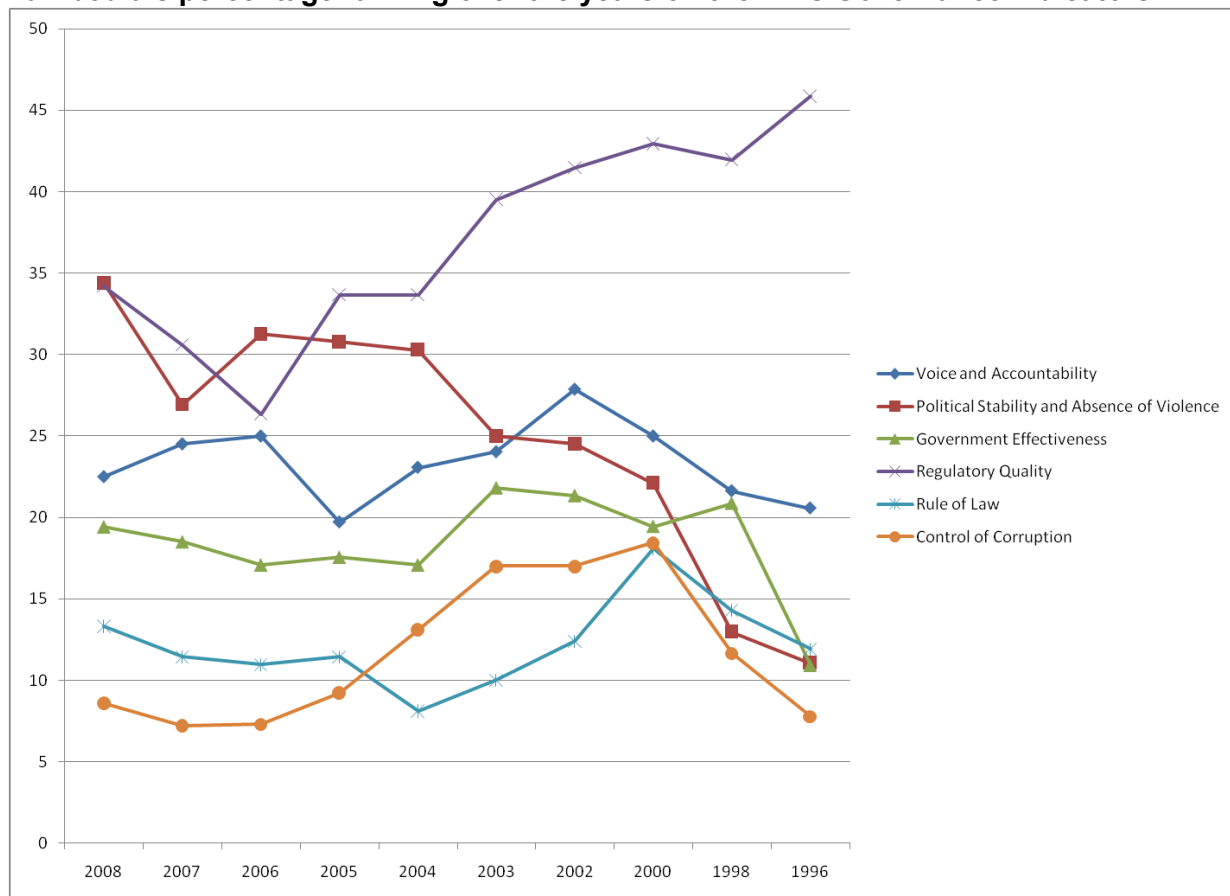
²² "The situation varies depending on the media - television is totally owned or controlled by the government/CPP, radio has a few opposition-aligned stations and some important independent voices, while most newspapers act as mouthpieces for one party or another, with the exception of the foreign-language press" <http://www.licadho-cambodia.org/reports.php?perm=119> accessed 03-05-2010
The situation regarding media is monitored and documented in various Licadho briefing papers/reports: January 2006, May 2008, May 2009. A recent report on the use of courts to silence dissent is December 2007.

²³ Licadho, April 2009, p.4

²⁴ <http://info.worldbank.org/governance/wgi/faq.htm> accessed 03-05-2010

²⁵ To better contextualize Cambodia's position, Annex 3 gives more background information on the various dimensions with tables comparing Cambodia with its neighbors, with regional averages and with its income category average.

Figure 1
Cambodia's percentage ranking over the years on the WBs Governance indicators



1.2.B Analysis of civil society sectors, their agendas, their popular support (gender and other 'social equality' and political movements)²⁶

The development of civil society since the early 1990s reflects two contending forces: the reluctance of government to countenance an independent civil society and the demand of donors for civil society associations who could assist them in their 'good governance' programs. Contention over this issue between government and donors, and the difficulties faced by organisations attempting to form on this contested terrain, has resulted in the emergence of organized civil society actors which bear particular characteristics. Three categories of civil society organizations have emerged: formal membership organizations, informal membership community-based organizations (CBOs), and Non-Governmental Organizations. As far as social movements go, to date the labor movement, which includes unions and their support structures, is the only one that has to some extent established itself. For the time being, what some see as recent socio-political movement formation around natural resources does not yet seem viable enough to emerge as a force of its own.

Formal membership organizations are basically limited to trade unions most of which are found in the garment industry. As unions and the labor movement are at the core of this report they are discussed in more detail in section 2A.

²⁶ This section is an edited extract from Henke (in press)

CBOs²⁷ comprise a great variety of quite different creatures. Indigenous groups with a long-standing pedigree of authenticity are mainly characterized by their event-based character, informal leadership, and independence from either NGOs or government. Pagoda committees, mutual help groups and credit groups (*tongtin*) are commonly-cited examples.²⁸ Population-specific groups (such as women and youth) for purposes such as peer-solidarity and education were organized under state and party auspices in the 1980s. To some extent they have been revived by NGOs in the 1990s. A third form of CBOs comprises self-help groups, mobilized by either government or (I)NGOs around income-related or infrastructure maintenance and management issues. Savings and loans groups are most common, but there are also groups for irrigation, fish-farming and other collective production, livelihood training, and natural resource management (community fishery, community forestry), and user-groups for government services. When the issue involved access to interesting resources, government has adopted NGO initiated models and created its own, especially community fishery and more recently community forestry committees. The same is true regarding Village Development Committees, non-sectoral committees with a semi-official status, associated initially with the *Seila* programme for channeling donor funds to local development.²⁹ These are intended to engage rural people directly in local development, promoting bottom-up planning.

This leaves the donor created NGO sector³⁰. Databases of NGOs are all incomplete and not up to date so numbers are questionable³¹, but it is a sector with a sizable turn-over, work-force³² and influence. Seventy per cent of NGOs focus on service delivery; while only seven per cent work in areas of 'advocacy', and 'democracy and human rights'.³³ Nearly all LNGOs are localized INGOs, started as INGO projects or programs, have been founded with strong foreign advisory support and/or by Cambodians who returned from overseas or refugee camp or more recently were former INGO staff. Externally initiated and resourced organizations are usually short-lived and do not survive the period of active involvement of their external patron by a substantial period of time³⁴. Good governance promoters are aware of this, and good governance model assessments of *current* Cambodian civil society all suggest that civil society remains comparatively weak. An example from a World Bank report published in 2006 is typical. The authors write: "Compared with other countries, civil society is quite weak and not strongly independent in Cambodia." While Cambodia observers question the relevance of a 'civil movement without citizens'³⁵ the Cambodian government apparently thinks otherwise. On the one hand the government has chosen an extremely liberal policy regarding NGOs, making Cambodia a paradise for NGO operators. This policy reflects a government assessment of the Cambodian incarnation of the NGO-model of civil society organisation as not being an *inherent* challenge to the existing hegemony, and thus useful in the pursuit of both local and international legitimacy. On the other, over the last couple of years, NGOs have been an increasing target of government control and repression efforts. This development is seen by prominent NGO

²⁷ "A typical village would have 3 or more such groups (hence it is estimated there are over 30,000 CBOs in Cambodia,." World Bank (29 September 2006) (no page numbers)

²⁸ See for example, A. Pellini, (2007)

²⁹ The *Seila* program, which operated from 1996 to 2006, was a participatory local development program which mandated the formation of particular sub-national governance structures, including village development committees, to formulate development plans to be funded through the program.

³⁰ Government and private interests have also started creating NGOs as a means to extend control over civil society. This is similar to the emergence of government- and factory-controlled labor unions. The government NGO is much less prevalent than the government union, although a career change from NGO director to an important position in the bureaucracy or the CPP is, tellingly, not infrequent. See J. Wilson (2005) p.16. and Ray Zepp(2004), pp.65-78.

³¹ Estimates of the numbers of active local NGOs start from 700 upwards, see Council for Development of Cambodia(2006).

³² 24,000 Cambodian staff (ibid)

³³ CDC, ibid., but it needs repeating that all of these figures are guesstimates at best.

³⁴ Obviously there are many exceptions: to the extent that ownership transfer has occurred they may acquire a life of their own; but many fold up after removal of foreign support.

³⁵ Kheang Un (2004) p.272

movement 'leaders'³⁶ as parallel to the CPP's acquisition of unchallenged dominance in the political arena.

In the light of this bleak civil society assessment, donors are quite excited about the emergence of natural resource management activist networks that seem to have a social-movement-like quality. However, these activists are facing increasing government repression and the ongoing development of their organizational structures shows clear signs that donor and NGO support results in NGO-isation. In other countries, e.g the Philippines, NGOs often emerged as front organizations of pre-existing strong social movements. Also there, the mutually supportive relation of NGOs and their more 'grounded' movements came under increasing pressure from the early 90s onwards, with NGOs increasingly assuming the role of public service contractor which "...compromised their innovativeness, autonomy, legitimacy, accountability and ability to continue elaborating alternatives"³⁷. However, with NGO-isation, the Cambodian movement potential not only loses support but risks dying in the bud.

1.2.C Analysis of the security situation between 2000 and the present, with special attention to human and labor security and freedom of organisation (ILO convention 87/98).

The security situation in the country has improved dramatically since the 1990s. The general assessment is that since the so-called coup in 1997, followed by the CPP electoral victory in 1998, the Hun Sen faction of the ruling party has continuously strengthened its dominance resulting in political stability (see above) and increased state control³⁸. The UN, heavily present in Cambodia also after UNTAC, lowered its security rating. Crime levels decreased, and issues like kidnappings and road blocks disappeared. Human security improved (see box 1)

Box 1: Poverty in Cambodia before the Financial crisis

"[P]overty reduction observed over the previous decade (1994-2004) continued over the period 2004 to 2007. Over these three years, the poverty headcount index for Cambodia as a whole relative to the overall poverty line fell from 34.8% in 2004 to 30.1% in 2007. The decline in poverty during this period reflects substantial and statistically significant growth in real per capita household consumption (the measure of living standards used in Cambodia). This increase (averaging 21 percent for the population as a whole) was driven by rates of economic growth during these years that exceeded 10 percent per annum. The picture of welfare improvements amongst the bottom two quintiles is reinforced by improvements in a wide range of variables related to ownership of consumer durables, service delivery and human development outcomes. However, rapid economic growth between 2004 and 2007 has been associated not only with falling poverty but also with rising levels of inequality"³⁹.

But the rapidly rising level of inequality indicated in the above quote is very worrisome for the future. The financial crisis hit Cambodia hard. Its impact has been documented since its early phases⁴⁰ to the present⁴¹, specifically for women in general⁴² and for garment workers who are overwhelmingly female⁴³. The context for the improvement of human security were the interrelated factors of increasing political stability on the one hand and rapid economic growth on the other (almost 10% per annum over 1998-2008). The latter's foundation was very narrowly based, and its vulnerabilities were exposed starkly by the crisis⁴⁴. One of the factors of the growth, unsustainable use of natural resources is a major worry for the human security of increasingly large sections of the population. The overall improvement of human security over

³⁶ Personal communication. during various conversations over October and November 2008.

³⁷ Anthony Bebbington, Sam Hickey and Diana Mitlin (2008) p.14

³⁸ REFERENCES

³⁹ World Bank (June 2009), page i

⁴⁰ E.g. Kang Chandarot, Sok Sina & Liv Dannet (March 2009)

⁴¹ E.g. Chan Sophal & Ngo Sothath (May 2010)

⁴² Ngo Sothath and Chan Sophal (February 2010)

⁴³ Kang Chandarot & Liv Dannet (March 2010 & June 2010)

⁴⁴ World Bank (February 2009)

the last 15 years (see above) risks being complemented by the rise of a substantial landless underclass. Evictions both in rural and urban areas are the most visible aspect of this trend. Land is therefore the core issue in any human rights assessment of the last couple of years⁴⁵.

Box 2: Labor Security⁴⁶

“The formal labor market, defined for current purposes as those enterprises registered with the labor inspectorate as required by law, represents an estimated 10 percent of the entire workforce⁴⁷. Within this group of enterprises some attempts are made at compliance with the labor law. Nevertheless, enforcement is patchy and issues remain with regard to wages, working hours, leave, forced overtime, and antiunion discrimination. Outside the formal labor market there is little expectation of compliance with even the most basic labor standards. Seven-day work weeks are common, as are 12–14 hour days. Child labor is prevalent, with an estimated 27 percent of children between the ages of 10 and 14 in the labor force⁴⁸, the majority of whom are engaged in agriculture. More pernicious forms of child labor are also in evidence, including minors working under dangerous conditions in brick-making, mining, and on rubber plantations, salt farms, and fish processing plants. In urban areas, children engage in a variety of income-generating activities, from scavenging to shoe polishing. Children, particularly girls, are employed in domestic work and the sex trade. The trafficking of children for the purposes of sexual exploitation and various forms of work, including forced labor and begging, is a significant issue. Cambodia’s shortcomings in labor rights do not derive primarily from weaknesses in its labor or anti-trafficking laws. Rather, the problem lies in poverty, poor governance, and the gap between the law on the books and the law in practice.”

As the description in Box 2 states, the basic problems regarding labor rights are⁴⁹:

- that the legal framework only applies to the formal sector which is very small – thus excluding the large majority of the Cambodian workforce;
- The legal framework – generally regarded as adequate – is only as good as its practical enforcement.

Freedom of association increased from 2000-2005 with substantial improvements in the registration of unions since 2003. However since 2004 there have been indications of a resurgence of antiunion activities⁵⁰. And, although the improvements in the registration procedures and the concomitant explosion of the number of unions, federations and confederations (see below) is generally interpreted as a positive development, the effects of this increasingly splintered trade union landscape are definitely anti-labor. Both at the factory level and at the level of national tripartite negotiations (see below). The labor rights situation should not (only) be judged by the existence of a proper legal framework, or even procedural adherence to it, but by the extent to which the resulting practical outcomes – which depend on “...the history, the social setting, the power structure and the actual configuration of opportunities”⁵¹ – show rights realized.

⁴⁵ The list of possible references here is endless. A visit to the websites of a couple of prominent relevant NGOs (e.g. Licadho: <http://www.licadho-cambodia.org/>, CCHR’s Human Rights portal Sithi: <http://www.sithi.org/>, and NGO Forum: <http://www.ngoforum.org.kh/eng/core/>) and the site of OHCHR’s Cambodia office: <http://cambodia.ohchr.org/> gives access to plenty material. (All accessed 27-07-2010)

⁴⁶ Daniel Adler & Michael Woolcock (2009), p.168-169

⁴⁷ See section 1.3.C for alternative estimates.

⁴⁸ World Bank, —Cambodia at the Crossroads,p136.

⁴⁹ To show that Adler and Woolcock’s assessment is shared by many, another quote basically stating the same: “Cambodia’s Labor Law is comprehensive and relatively progressive but coverage and implementation is critically lacking” AMRC (2008), p.17

⁵⁰ Daniel Adler & Michael Woolcock (2009), p.174

⁵¹ D. Andrew Wardell and Christian Lund (2006) p.1887.

1.2.D Analysis of the International structures that the country is part of (including international agreements regarding economic matters etc)⁵².

Cambodia is a member of the Association of South East Asian Nations (ASEAN), the World Trade Organization (WTO) and also participates in a number of regional initiatives, including the Greater Mekong Sub-region (GMS), Ayeyawady-Chao Phraya Mekong Economic Cooperation Strategy (ACMECS), Asia Pacific Economic Cooperation (APEC). Although often overlooked, the trilateral agreements of Cambodia, Laos and Vietnam, might be the best indicator of Cambodia's 'real' economic policy (plantation economy) and economic position (Vietnam dominates).

Despite participation in interregional initiatives, Cambodia has not achieved much in terms of intra-regional trade⁵³ and is largely absent from the numerous production networks that have developed in East Asia. With low levels of domestic savings (and investment), it relies heavily on Foreign Direct Investment which grew 10 times between its low level of 2003 and its highest in 2007. Asian investors – from ASEAN, China, Hong Kong, Taiwan, South Korea – continue to dominate inflows. China is Cambodia's leading investor and frequently commits to hundreds of millions of dollars for projects including dams, roads and a headquarters for the government Council of Ministers in Phnom Penh. Some recent interest from Middle Eastern investors, especially in agribusiness, was noticeable recently, while investments from the US (Chevron's development of off-shore oil/gas fields) has been postponed and Australian's BHP Billiton pulled out after exploring the possibilities for a large scale bauxite mining operation.

Cambodia signed on to most international conventions but its commitment to translating these commitments into tangible action is low. While (I)NGOs and the UN take these commitments as a starting point in their discussions with the RGC, its responsiveness to this line of argument is limited. Treaties signed by Cambodia are⁵⁴: the ICESCR (1966), ICCPR (1966), ICERD (1992), CPRMW (1990), CRPD (2006), CRPD (2006), CEDAW (1979), CEDAW (1999), CRC, and CRC armed conflict (2000). The RGC reports to the treaty organizations but the quality is poor and fails to address key issues, the reports are also not always publicly available. In addition, the delegations sent to review committees are small and have no detailed knowledge on the subject. E.g. during the last review on the rights of indigenous people (February 2010), only the Cambodian representative to the UN participated from the RGC side.

⁵² Info from advisor development issues program NGO Forum

⁵³ World Bank (February 2009)

⁵⁴ This can be found on the website of OHCHR <http://www2.ohchr.org/english/law/docs/HRChart.xls>

1.3 Socio-Economic

1.3.A General economic aggregates: HDI, minimum wages, inflation rates, total work force in formal economy, etc.

Table 1: Oceania & Asia excluding Middle East:10 lowest HDIs⁵⁵

Rank	Country	HDI	
		2007 data	Change compared to 2006 data
1	Afghanistan	0.352	▲ +0.002
2	Timor-Leste	0.489	▲ +0.005
3	Papua New Guinea	0.541	▲ +0.005
4	Bangladesh	0.543	▲ +0.008
5	Nepal	0.553	▲ +0.006
6	Pakistan	0.572	▲ +0.004
7	Myanmar	0.586	▲ +0.002
8	Cambodia	0.593	▲ +0.009
9	Solomon Islands	0.610	▲ +0.006
10	India	0.612	▲ +0.008
11	Laos	0.619	▲ +0.006

⁵⁵ Edited table from http://en.wikipedia.org/wiki/List_of_countries_by_Human_Development_Index (accessed 28-07-2010); based on the latest (2009) HDI report of UNDP

The Human Development Index (latest version, 2007 data) ranks Cambodia as a Medium human development country. In the worldwide list it is ranked 137th (of 182 countries), very close to Myanmar. In the region only Laos is ranked as low (133rd position).

Oxford University's Poverty and Human Development Initiative (OPHI) contributes a Multidimensional Poverty Index (MPI) to the UNDP's Human Development Report that adds some depth to the above by showing that a large section of the population is vulnerable. It is based on two education, two health and six living standard indicators (data from the 2005 Demographic and Health Survey). The MPI (see figures 2 and 3 below) confirms the picture arising from the national poverty assessments that substantial numbers of people are above the poverty line but close enough to it to make them very vulnerable to any shock.

The MPI reflects both the incidence of poverty – the proportion of the population that is multi-dimensionally poor – and the average intensity... of their deprivation – the average proportion of indicators in which they are deprived. A person is identified as poor if he or she is deprived in at least 30 percent of the weighted indicators.

Figure 2

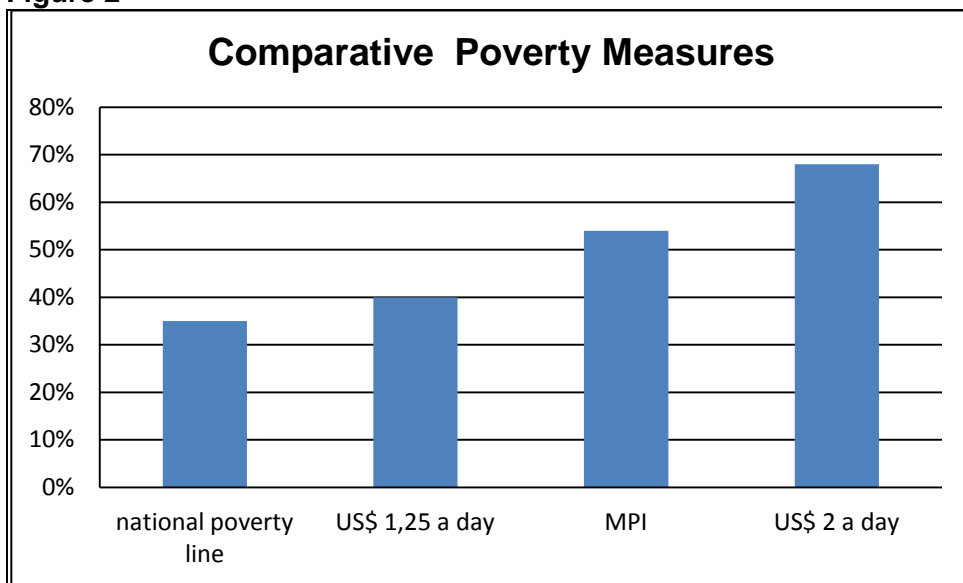
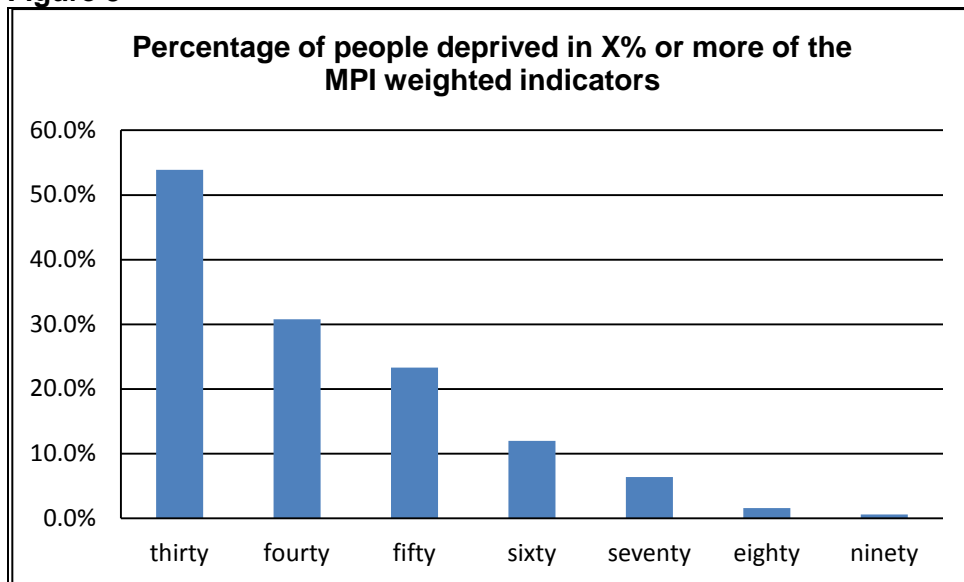


Figure 3



A major indicator for life becoming more difficult for citizens is a steep inflation rate. The international community (as represented by the IFI's) consistently praises Cambodia's government for its policies to ensure macro-economic stability. Inflation has thus been within limits over the last decade, although 2008 was an unfortunate exception with 25% inflation⁵⁶.

The latest available figure is a Consumer Price Index increase by 4.5% from May 2009 to May 2010. Figure 2 below⁵⁷ shows the CPI increase since the last quarter of 2006. Because of the 2008 jump the current index of 150 implies around 12,5% annual increase. Overall this picture is in line with the earlier described overall decline in poverty.

Figure 2



As stated above, economic growth is the driver of this. Cambodia's GDP per capita grew quickly over the last decade. As per the latest confirmed figure it stood At \$ 739/capita in 2008⁵⁸, which, however, is still way below what would make it a medium income country. Box 3 gives the ADB assessment of economic growth and its prospects.

⁵⁶ E.g. IMF (2009), p.25

⁵⁷ <http://www.nis.gov.kh/index.php/statistics/cpi-cost-price-index> (accessed 28-07-2010)

⁵⁸ <http://www.nis.gov.kh/index.php/home>

Box 3: ADB Outlook 2010 on Economic growth in Cambodia

“After growth that averaged 9.1% from 1998 to 2008, the economy contracted by an estimated 2.0% in 2009 ... The shrinkage reflected output declines in three of the four drivers of growth: garment exports, tourism receipts, and construction, which together account for over one-third of GDP. In contrast, the primary sector, the economy's fourth driver producing about 30% of GDP, maintained trend growth and served as a social safety net for many laid-off workers. Agricultural output expanded by an estimated 4%, mainly a result of favorable rains. Fisheries production received a boost from aquaculture and marine fishing to expand by about 9%, while growth in livestock and forestry-related production is estimated to have remained at around trend rates”. (p.199)

“If global economic growth is in line with the *Asian Development Outlook 2010* assumptions and if the weather allows for reasonable crops in Cambodia, GDP is projected to rebound by 4.5% in 2010.” (P.201)

The above is a very thin slice of what is available. There are plenty regular and more detailed assessments available from international (WB, ADB, IMF) and local sources (EIC, CDRI) providing all kinds of updated economic indicators.

Here we only report the most recent employment data. The definition of who is employed ensures that the table below need to be taken as seriously misrepresenting under-employment in Cambodia: “All persons who worked at least one hour during the reference period, the past seven days, or had a job/economic activity from which they were temporary absent are *employed*. Unpaid family workers are included in employed⁵⁹. All tables below are from The Labor Force Survey 2007 by the National Institute of Statistics. The data are for main occupation only.

Table 2: Population and labor force, by sex and geographic domain (in %)

	Cambodia	Phnom Penh	Other urban	Other rural
Total Population	13,230,000	1,310,000	1,356,000	10,564,000
Total working age population	10,454,000	1,128,000	1,089,000	8,237,000
Labor force	7,844,000	687,000	728,000	6,429,000
Labor force participation rate				
Both sexes	75	61	67	78
Women	70	55	60	74
Men	81	68	74	83
Employment rate ⁶⁰				
Both sexes	75	60	65	78
Women	70	54	58	73
Men	80	67	73	83
Unemployment rate				
Both sexes	1	2	2	0
Women	1	2	3	0
Men	1	2	2	0

⁵⁹ NIS (2010)

⁶⁰ Share of the employed population in relation to the working age (15-64) population

Table 3: Labor force participation rate, by age, geographic domain and sex (in %)

Age Group	Phnom Penh		Other urban		Other rural	
	Women	Men	Women	Men	Women	Men
Total 10-	55	68	60	74	74	83
10-14	9	11	25	29	51	49
15-19	36	26	53	55	77	79
20-24	68	66	71	82	83	93
25-34	69	92	80	93	83	98
35-44	69	99	85	99	87	97
45-54	68	96	78	100	84	96
55-64	53	78	63	77	71	92
65-	17	36	22	62	27	64
15-64	62	77	73	84	82	92

Table 4: Employment status (10yrs+), by geographic domain and sex (in %)

	Cambodia		Phnom Penh		Other Urban		Other rural	
	Women	Men	Women	Men	Women	Men	Women	Men
Employed (number)	3,799,000	3,976,000	323,000	351,000	33,000	388,000	3,153,000	3,237,000
Paid employee	20	27	44	56	26	46	16	22
Employer	0	0	0	0	0	0	0	0
Self-employed	28	43	27	27	35	37	28	46
Unpaid family worker	52	30	29	17	38	17	56	33

Table 5: Employed (10yrs+), by industrial sector, geographic domain and sex (in %)

	Cambodia		Phnom Penh		Other Urban		Other rural	
	Women	Men	Women	Men	Women	Men	Women	Men
Employed (number)	3,799,000	3,976,000	323,000	351,000	33,000	388,000	3,153,000	3,237,000
Agriculture (Primary)	61	60	1	1	34	31	70	69
Industry (Secondary)	15	14	15	12	10	19	14	14
Services (Tertiary)	25	26	84	86	56	50	16	17

To be able to adequately interpret the above and its implications requires:

- Proper assessment of data limitations and the implications these have for conclusions one can and cannot draw;
- Cross referencing the above with enough other data from the same and other sources for a picture to emerge in which core conclusions support each other and coalesce into a understandable narrative;
- This unfortunately is not done in an ongoing structural fashion. For employment, Elizabeth Morris' Assessment of Employment in Cambodia (2007), largely based on the 2004 Cambodia Socio-Economic Survey 2004 was the last serious effort.

A short context analysis like this, required to look at many more issues is not able to do such an update. However, the ongoing availability of an updated version of such an analysis – both in terms of the data and the narrative – would certainly strengthen the strategic position of the Cambodian labor movement. This is but one example of a much broader issue that pops up in other sections too.

1.3.B Regional bodies for economic integration

See section 1.2.D. The most important one is ASEAN, generally considered of increasing economic importance⁶¹. The region's development is seen as progressing in the slipstream of China's growth. Within ASEAN tariff walls are rapidly being broken down. This is going to make cross border exchanges much easier and increase the attractiveness of the cheaper countries. The improvement of the transport infrastructure is another facilitating factor. The Cambodian experience fits the scenario⁶²: the importance of the extraction of natural resources for the decade of above average growth⁶³ and the widely perceived growth potential of food processing as a next step to add more value.

1.3.C Specifics of regional and sectoral differences in (income) on poverty and violation of labor rights within the formal economy

The most recent national level assessment of poverty unequivocally concludes that "...the "poor" (according to any definition) are disproportionately concentrated in the rural areas and became even more so during this period [2004-2007] (i.e., the Rural share of the poor increased in all cases)."⁶⁴ This assessment shows 92,3% of the poor residing in rural areas that house only 79,8% of Cambodia's population. This is thus the biggest divide.

This divide is related to one of the core characteristics of the structure of the Cambodian economy: the overwhelming proportion of it is informal.

Table 6: Size of the informal economy in %⁶⁵

	1998	2000	2002	2004	2006	2008p
Workforce	85%	85%	85%	85%	84%	85%
GDP	70%	64%	61%	60%	60%	62%

The informal sector is not covered by the labor law in Cambodia (see below). The formal economy is concentrated in urban areas. Rural Cambodia is thus near exclusively informal. Although workers in the formal economy run risks of having their labor rights severely violated (see section 2), because of the above, the bulk of severe violations (bonded labor, child labor,⁶⁶ sexual exploitation, etc) occurs in the informal sector in rural areas.

Box 4 below describes the basics of the informal economy

⁶¹ E.g. this opinion was voiced by both the Head of the Economic Department of the Dutch Embassy in Bangkok and by the President of the Economic Institute of Cambodia

⁶² However, the development of the garment industry has its own story line

⁶³ World Bank (February 2009)

⁶⁴ World Bank (June 2009), p.30

⁶⁵ Update of table 2.1 EIC (2006) p. 14 in by Neou Seiha

⁶⁶ E.g. Understanding Children's Work (UCW) Project (April 2006)

Box 4: Characteristics of the the informal economy in Cambodia⁶⁷

Cambodia has defined activities in its informal economy as: those without a firm, identifiable postal address; those that have self-employed workers and utilise part-time or full-time workers; those that have a lot of labor-intensive operations and quick turnover; those that use energy input from human or animal sources; those about which data is unavailable through census surveys; those that are not legally recognised; those that take place in non-structured premises; those that do not come under any regulations, licence, or insurance, and do not pay any tax.

Jobs in the informal economy are “informal” in the sense that they are mostly: unregistered and unrecorded in official statistics and thus not recognised, supported or regulated by the government;

- have little or no access to organized markets, credit institutions, formal education and training institutions, or to many public services and amenities;
- are compelled to operate outside the legal framework and beyond the pale of social protection, labor legislation and protective measures, even if they are registered and respect certain aspects of the law.
- The informal economy also includes employment to the extent that workers are undeclared (by both informal and formal enterprises) and do not enjoy social benefits mandated under the law.

These units operate with very little capital or none at all; utilise a low level of technology and skills; operate at a low level of productivity; [and] generally provide very low and irregular income, and highly unstable employment for those who work in them.

In Phnom Penh, work in the informal economy includes vendors, shoe-shiners, motodops, cyclos and tuk-tuk drivers, sex workers, mechanics, garbage collectors, small-scale gasoline sellers, road-side/sidewalk vendors, construction workers and all domestic workers. In rural areas they include farmers and workers in non-farm activities such as fishing, fish processing, mining, spinning and weaving, food processing, handicraft-making and vending. In short, these are activities that are not legally recognized largely due to the lack of a clearly defined employer-employee relationship (see below), where work takes place in non-structured premises, where work is conducted without any regulations, licence, or insurance, and where taxes are not paid.

Many people in the formal economy, including tens of thousands of civil servants are also engaged in the informal economy to supplement their insufficient income. For example many work as motodops in their off-time. Other workers employed in the formal economy such as small-scale textile and garment factories/workshops and service sector jobs in restaurants and massage parlors are outside of legal protection for reasons including lack of registration of the workplace, employers who do not declare their employees to the Ministry of Labor and Vocational Training, and a myriad of other technicalities.

The third major divide is the gender disparity. In terms of numbers, this divide, again, directly correlates with the other two: “Rural women account for 80 per cent of food production, and more than 65 per cent of all women are farmers. Half of those women farmers are illiterate or have less than a primary education. Only a small share of the rural workforce is in paid employment. For the most part, women in agriculture are unpaid family workers. Rural women are at a disadvantage in efforts to improve productivity in farm jobs and non-farm employment because they are not the focus of research activities and extension services and because they have limited access to credit, land and other resources”⁶⁸.

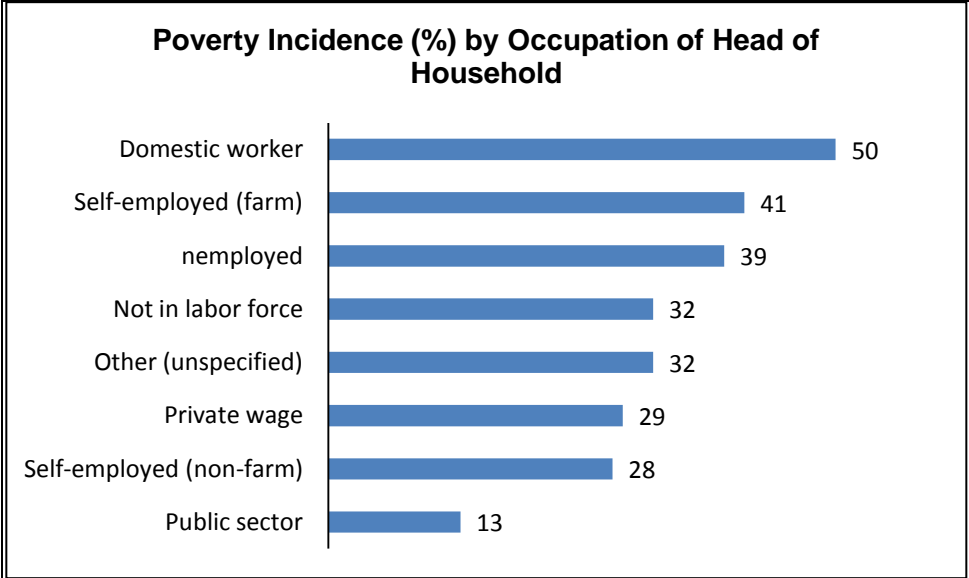
⁶⁷ AMRC (2008)

⁶⁸ Morris (2007), p.46

1.3.D *Vision on the poverty problem per region and sector. Systematic differences in wages and salaries between sectors. Poverty pockets to be found in the national economy.*

As far as published analyses of national datasets go the only cross-tabulation of poverty and occupation that we came across is depicted in figure 4, taken from the 2006 World Bank poverty assessment based on the 2004 Cambodia Socio-economic Survey data (p.45)

Figure 4



When one only looks at the formal economy, there are systematic differences in wages between sectors but exploring the relationship between sectors and poverty would require new analyses of the Cambodia Socio-economic Survey dataset. One wage differential analysis (based on the CSES2004) that we encountered is quite revealing though, see tables 5 and 6 (table 5 is only included as background info to interpret table 6). The info in table 6 shows (the natural log) of wage income reported as monthly income from remunerated employment. Because some jobs imply long working hours, the table is based on a recalculation of the reported monthly wage income into hourly wages⁶⁹ Because demographic characteristics are correlated with wage differentials (e.g. women earn less than men, older people more than youngster and the educated more than those without schooling, for the same job/position) the table shows the differentials also with these demographic influences ‘filtered out’. Farm work pays 50-58% less than the average hourly rate, utility workers earn 66% more, garment workers 44% more, public servants 19% less, etc.

⁶⁹ by diving monthly wage by the reported hours worked the previous week multiplied by 4.3 (average number of weeks/month)

Table 5: Cambodia Socio-Economic Survey 2004 Demographic Characteristics⁷⁰

Sector	Share (%)	Average education (years)	Percentage female	Average age
Primary sectors				
Agriculture, food	42.67	6.06	52.0	33.00
Agriculture, other	0.64	6.64	59.3	28.38
Husbandry and fishery	15.40	5.48	41.9	24.86
Forestry	2.06	5.89	50.1	27.72
Mining	0.21	4.48	44.4	31.21
Manufacturing				
Food, beverages, and tobacco	1.64	5.58	46.4	32.06
Textiles and apparel	4.26	6.92	81.0	25.99
Wood	2.53	5.54	61.5	34.08
Manufacturing, other	0.80	7.23	29.1	33.16
Utilities and construction				
Utilities	0.19	7.60	21.0	31.21
Construction	2.49	7.31	12.5	30.90
Services				
Sales	14.99	7.11	67.2	33.57
Transport	2.65	7.37	7.1	34.22
Finance, insurance, and real estate	0.49	7.74	46.9	37.53
Public administration	2.74	10.07	14.7	40.36
Social services	2.57	11.22	38.2	37.40
Other services	3.66	8.11	45.2	31.23
Average	n.a.	6.63	50.0	31.65

Source: National Institute of Statistics 2004.

Note: n.a. = Not applicable. This table is based on 42,520 observations in the survey.

⁷⁰ Samsen Neak and Raymond Robertson (2009), p.110

Table 6: Hourly Wage Differentials across sectors without and with Demographic Characteristics⁷¹

	Without demographic controls	With demographic controls
Mean log wage across all sectors per hour	6.637	5.774
Sector Differentials		
Agriculture (food)	-0.54*	-0.50*
Agriculture (other)	-0.60	-0.58
Husbandry and fishery	-0.22*	-0.19*
Forestry	-0.34*	-0.35*
Mining	-0.37*	-0.30
Food, beverages and tobacco	-0.21	-0.15
Textiles and apparel		
Wood	0.29*	0.44*
Manufacturing (other)	-0.31*	-0.31*
Utilities	-0.01	0.01
Construction	0.82*	0.66*
Sales	0.05	0.03
Transport	0.02	0.05
Finance, insurance and real Estate	0.18*	0.13*
Public administration	0.08	0.03
Social services	-0.10*	-0.19*
Other services	0.28*	0.16*
	0.24*	0.25*
Effects of demographic characteristics		
Female		-0.09*
Age		0.046*
Education		0.014*

Source: Authors' calculations based on National Institute of Statistics (2004).

Notes:

- The mean log wage is the natural log of hourly wage earnings, estimated as monthly earnings divided by hours worked last week multiplied by 4.3. Wage differentials represent the percentage (log) difference from the mean wage for each sector. For example, -0.54 means 54 percent less than the overall mean wage. The percentage changes reported here are obtained by raising e to the estimated coefficient and subtracting 1, because the model is log-linear.
- * indicates statistically significant difference from the overall mean wage at the 5 percent level.

1.3.E National economic policy and its relevance for decent work: PRSP, etc.⁷²

The only two major national policies that have some traction are the decentralization & de-concentration (D&D) reform and the public financial management system reform (PFM). The actual development of economic policy – to the extent that one can assume government to be doing this - with direct relevance for decent work is not covered by a comparable plan. The state of policy making is reflected in the PRSP process. Cambodia is currently drafting a new PRSP called the “NSDP Update 2010-2013”. Drafts of the NSDP Update suffer from similar flaws as the previous National Plans, the National Strategic Development Plan 2006-2010, as it:

- is a compilation of existing government policies and does not provide any guidance for sectoral policy making;
- does not have a good set of monitoring indicators and progress reports are not a useful basis for policy discussions;

⁷¹ Samsen Neak and Raymond Robertson (2009), p.114

⁷² Analysis from advisor to development issues program NGO Forum

- is not linked to the national budget process and does not give directions for aid from Cambodia's development partners.

Also, compared to the previous two national development plans, the process of drafting the NSDP Update have provided fewer opportunities for civil society participation. NGOs participating in the Technical Working Groups have been able to provide some inputs and comments on a draft version, but the process was extremely rushed (and timed around periods when development partners – who often are needed for any dialogue to happen - were absent). Besides some inputs from NGOs, wider civil society consultations have not been held, neither have there been any processes where policy makers meet community representatives.

1.3.F Analysis of the impacts of the economic crisis (including affected sectors, inflation figures etc)

The crisis early on resulted in assessments to look at (expected) impacts. Cambodia analysts, and those paying them, were alert to the effects of economic conditions on vulnerable groups because of the big jump in food prices in 2008 (which preceded the financial crisis), and responded quickly. Box 5 describes an early assessment of what to expect, and its predictions have largely borne out, although its GDP growth predictions (not in the quote⁷³) were still way too optimistic:

Box 5: Assessment of the impact of the financial crisis in Cambodia (March 2003)⁷⁴

“... the Garments sector, which is the largest export sector, is the most vulnerable – followed by Construction and Tourism. It notes that huge job losses are likely in these sectors, especially in Garments, as markets in the US and EU go into recession. The crisis will have a very strong impact on certain vulnerable groups – especially women workers, since the Garments sector has a largely female workforce. Also affected will be young workers as new job opportunities decline and old opportunities are withdrawn. The crisis will also affect children as parents from vulnerable households lose their jobs and the household pattern of labor changes with the likelihood of more children out of school and into work. It also analyses the impact on industrial relations in Cambodia, especially in the large Garment sector, which is mostly formalised. In short, the study finds that the financial crisis is likely to have a strong impact on Cambodian economy and labor markets largely because its growth is so closely related to the success of a few sectors that are vulnerable to this crisis”.

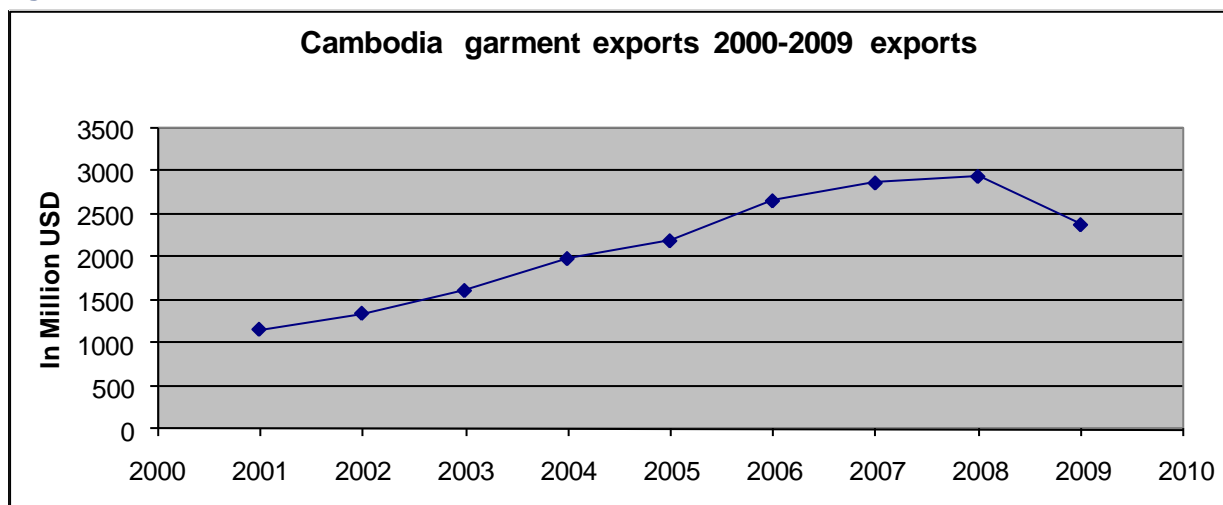
The garment sector substantially contracted. At the end of 2009, the number of factories had decreased by nearly 25%⁷⁵, export had decreased by 19%, 75,000 jobs had gone. In 2010 the situation stabilized but the new steady state is substantially worse compared to before, both in terms of income and in terms of some other conditions. Their situation has received specific attention. A survey (September-December 2009) of 1200 employed and 800 retrenched garment workers in Phnom Penh and its suburban environment identified many new hardships faced by those still employed (box 6).

⁷³ Kang Chandararot, Sok Sina & Liv Dannet (March 2009), p.ix predicted only a decline to 5,1% annual growth, the IMF estimated a 0.5% contraction in December 2009...

⁷⁴ Kang Chandararot, Sok Sina & Liv Dannet (March 2009), p.ix

⁷⁵ “Within a year’s time, the number of operating factories dropped from a peak of 313 in October 2008 to a low of 241 in November 2009, with most of the remaining factories running at only 60-70% of their capacity” ILO/BFC (March 2010)

Figure 5



2001	2002	2003	2004	2005	2006	2007	2008	2009
\$1.156M	\$1.343M	\$1.609M	\$1.982M	\$2.190M	\$2.657M	\$2.866M	\$2.942M	\$2.378M

Box 6: Garment Sector Workers Affected by the Global Economic Crisis⁷⁶

- The majority of employed workers (53% of 1037 workers who were employed in the garment industry in 2008) have experienced **reduced overtime**. In addition to reduced overtime, many have also seen their **regular working hours cut**. The consequence of this is a **reduction of effective income**: 45% of the 1037 workers experienced a **decline in their income** in 2009, earning \$17 less each month, on average. There is also an increase in the number of workers who feel that they **do not have enough money to cover essential basic needs** today compared to one year ago, which is a reflection of the declining income. More than half of the workers surveyed (55%) have difficulties covering their food expense today; only 28% felt this way one year ago. Another effect of the reduction in income is on savings. In the event that they are laid-off, the majority of garment workers **do not have any savings**.
- Some workers (45%) reported that it is **more difficult to ask for days off** now
- to before. This could reflect the fact that due to layoffs, employers have less flexibility and
- find it harder to adjust their production process to accommodate workers taking time off.
- Many workers (39%) also feel that the **safety and health services at the factory have deteriorated** since January 2009.
- Some workers also reported **delays in salary payments** (10%) and **less or no bonuses**

A tracking survey three months later to see how the respondents had done over that period found that the situation had improved⁷⁷ –reflecting stabilization of the situation – but “[m]any workers still have difficulties paying for their basic needs. Almost all of the workers expressed that they don’t have enough money to cover their rent and electricity costs. 78% cannot afford healthcare. 65% have trouble paying for food. 44% do not have enough money to send home to support their family members”⁷⁸.

The survey also gives an indication of job security in the sector, and the Cambodian labor market as a whole. 37% of the original 1200 employed had lost their job, 78% of those had

⁷⁶ Edited version of part of the summary results; Kang Chandarot & Liv Dannet (March 2010)

⁷⁷ “40% are earning more income now, largely due to an increase in overtime”. Kang Chandarot & Liv Dannet (June 2010), p.4

⁷⁸ Kang Chandarot & Liv Dannet (June 2010), p.4

found another one in the garment sector, less than 1% in some other sector. Of the 800 unemployed, 30% had found employment. However, across the two samples, the proportion of employed had decreased by nearly 7% in three months time⁷⁹.

The decline in the garment sector was matched by that in construction⁸⁰, and tourism stopped growing in 2009. Prospects for garments is that its days as the major engine of growth are past, construction and tourism will remain growth sectors but at more modest levels than before.⁸¹

An impact not yet mentioned in the assessment described in box 5 is described in box 7, based on a study that "...surveyed 1,070 households and conducted focus group interviews with women and key informants in 15 villages across Cambodia (14-31 July 2009), 14 of which were surveyed a year earlier to assess the impact of high food prices (June 2008)".⁸²

Box 7: The Financial crisis and its impact on villagers

"The evidence from the household survey in July 2009 reveals that the economic downturn has had a significant impact on households and people at the community level, especially in poor urban, tourism dependent and cash crop villages. The impacts were confirmed by job losses, reduced remittances, decreased income and the lower price of agricultural commodities such as wet season rice, maize and cassava. Overall, 89% of the surveyed households faced difficulties in the previous six months, which remains high compared to 2008 when inflation was high. However, the type of difficulties that the households encountered changed and more households in poor urban and cash crop villages experienced hardship. In 2008, high food prices were the major difficulty for household; almost none of the surveyed households experienced the job loss or decreased income. When sickness/ health expenses had been the major difficulty facing by households in 2008, this issues continued to affect households in 2009, job loss/ decreased income and the inability to repay debts become the two foremost difficulties created by the economic downturn. The percentage of households with reduced income was highest in poor urban (61%) and tourism dependent (50%) villages, while the percentage of households reporting difficulties to repay debts was highest in cash crop villages (21%)".

1.3.G Overview of the social policies implemented by the relevant (national, maybe regional or municipal) government institutions.

Social protection is a national government matter. There are some limited government pension schemes in place. In 2005, 8% of Cambodians of more than 60 years of age (120.000 people) received an old age pension from the Government . The main beneficiaries were: dependants of deceased soldiers (54.895 beneficiaries), disabled persons (31.121 beneficiaries), retired civil servants (19. 489 beneficiaries), retired soldiers (5.151 beneficiaries), and disabled civil servants (5.151 beneficiaries)⁸³. The total amount of expenses for pensions was estimated to be 16.4 million US\$ in 2005, which indicates the insufficiency of these schemes: this amount implies an average yearly pension of US\$ 137. As one can assume the actual available budget to have been much much smaller – e.g. if leakage in the health care system is anything to go by 30% actually disbursed to intended recipients would be a generous assumption – these pensions are far from livable.

The Labor Law, adopted by the Government of Cambodia in 1998, was the first law on social protection for workers in the formal economy to enter into force in the country. It introduced the ILO standards on labor into the national legal system, e.g. fixing work hours at 48h per week and providing for a minimum age for work (15 or even 18 years old in some cases). In 2002, the Law on Social Security was enacted. This law gives private sector workers a right to social benefits for working accidents, disability, old age and retirement (for war veterans). According to

⁷⁹ Authors' own calculations based on data in ⁷⁹ Kang Chandararot & Liv Dannet (June 2010), p.12

⁸⁰ "Construction is estimated to have contracted by 10%, reflecting a sharp decline in inflows of construction-related foreign direct investment (especially for large projects, including those funded from Korea), and a slowdown in residential construction". ADB (2010), p.199

⁸¹ EIU (May 2010)

⁸² Chan Sophal & Ngo Sothath (May 2010), p.vii

⁸³ See: <http://www.ilo.int/gimi/gess/ShowCountryProfile.do?cid=376&aid=2> (accessed 30-07-2010)

this law, its provisions cannot be implemented until a National Social Security Fund (NSSF) has been established. The NSSF⁸⁴ was founded in March 2007 and the first of the envisioned NSSF schemes, an employment injury insurance scheme, started operation in November 2008. This scheme is conceptualized as a pilot to build the capacity to implement further schemes (health insurance scheme – planned to be implemented in 2010 - old age, invalidity, and survivors' pension scheme)⁸⁵.

Workers in the formal economy, especially those in larger organizations, are normally entitled to private health insurance and sometimes provident funds. E.g. the Garment Manufacturers Association of Cambodia (GMAC) recently partnered with a French NGO to provide a health care scheme to workers in their members' factories.

Estimating the overall coverage for the above mentioned social security entitlements within the formal economy would require analysis of primary data that is beyond the scope of this report but it doesn't require rocket science to conclude that social protection is in its infancy in Cambodia.

1.4 Cultural

Specifics of the situation of class relations and ethnic divides, social inclusion and exclusion, and the human rights situation (with special attention to the gender power imbalances)

Cultural factors always play a role in the way societies operate. But how determinant exactly culture is, and if its influence is seen through an essentialist or a constructivist lens, varies according to a particular author's preferences. Thus, debates about the prospect of re-making Cambodia into a democratic and just society are dominated by two kinds of policy theories: an optimistic institutionalist approach and a pessimistic culturalist approach. Caroline Hughes describes the optimist assumption as follows: "the creation of the appropriate democratic institutions, and their maintenance by sustained international intervention, can engender a process of local 'habituation' to internationally promoted procedures and processes." ; and the pessimist assumption: "...innate tendencies toward hierarchy, deference and intolerance of difference [preclude] the Cambodian people from either seeking, or being able to sustain, meaningful participation in peaceful debate..." or understanding and applying the principle of equality before the law"⁸⁶. Box 8 describes the core of the culturalist assumptions.

⁸⁴ <http://www.nssf.gov.kh/>

⁸⁵ ILO (March 2005)

⁸⁶ Hughes, C. (2003), p.7

Box 8: Social Organization in Cambodia⁸⁷

“The all pervasive guiding principle for Khmer social life is the notion of hierarchy. All social relations are hierarchically ordered. The hierarchy is primarily expressed in terms of age. An elder (*bong*) is a person who has authority through his/her higher social status. Such status is not exclusively a function of chronological age, but is determined as the sum of a number of dimensions including – apart from chronological age – gender, wealth, knowledge, reputation of the family, political position, employment, the character of the individual and religious piety. The social order is felt to depend upon everyone observing the status hierarchy and keeping his/her place in it.”

For women the above is normally directly related to the fact that they have fewer opportunities for better jobs and “...are concentrated in sectors and occupations with low earnings and often paid less than men for the same work”⁸⁸ And as the same author says in the same paragraph: “The labor market suffers from gender inequalities based on traditional attitudes, known as *chba’p*, about education and occupations suitable for girls and women.

⁸⁷ Ovesen et al, (1996), p.34

⁸⁸ Morris (2007), p.43

2A. LABOR AND THEIR ORGANISATIONS IN DE FORMAL ECONOMY

FACTS

2.A.1 Political

2.A.1.1 *Analysis and appraisal of the present labor legislation (compared to the ILO conventions) and the opportunities and threats for workers and trade union organisations fighting for protection of labor rights.*

In general in Cambodia, the problem is not primarily the 'quality' of its laws. This is also true of the legislation relevant to labor conditions and rights: the 1997 labor law is considered a progressive piece of legislation by most⁸⁹. Box 9 is an edited summary of a recent assessment that the authors of this report fully support. Section 2.A.2.6 gives an overview of the ILO conventions ratified by Cambodia.

Box 9: Labor and Other Law in Cambodia⁹⁰

The current Constitution of the Kingdom of Cambodia has been in place since 1993. It was adopted by a Constitutional Assembly at the end of the United Nations Transitional Administration for Cambodia (UNTAC), which established the Kingdom of Cambodia as a constitutional monarchy to be governed according to the principles of —liberal democracy and pluralism (art. 1). Of particular importance ... is chapter III of the Constitution (arts. 31–50), titled —Rights and Duties of Khmer Citizens. These articles include broad-ranging protections of human rights, including a number of provisions relevant to industrial relations. International labor law thus has at least formal relevance to Cambodia labor contexts. The cornerstone of chapter III of the constitution is paragraph 1 of article 31, which provides that:

The Kingdom of Cambodia shall recognize and respect human rights as stipulated in the United Nations Charter, The Universal Declaration of Human Rights, the covenants and conventions related to human rights, women's rights and children's rights.

This provision requires the state, in all its manifestations, to respect all of the major UN human rights instruments that were in effect at the time the constitution was adopted. Whether this provision would extend to the fundamental International Labor Organization (ILO) conventions, to all of which Cambodia is now a signatory, is not clear.

An example relating to labor rights is article 22 (1) of the International Convention on Civil and Political Rights (ICCPR), which provides that —everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of his interests. Accordingly, any act of the Cambodian state that impinges upon freedom of association could be challenged under the constitution on the basis that it violates article 22 (1) of the ICCPR.

Other substantive rights relevant to work are included in the following articles of the constitution:

- the right to strike and to conduct non-violent demonstrations —within the framework of the law (art. 37)
- the right to participate actively in the political, economic, social and cultural life of the nation, regardless of sex (art. 35 (1))
- the right to choose any employment according to their ability and to the needs of the society (art. 36 (1))
- the right to receive equal pay for equal work regardless of sex (art. 36 (2))
- right to form and to be member of trade unions (art. 36 (5))

The constitution further prohibits discrimination against women (art. 45), guarantees maternity leave, (art. 46 (1)), and provides that the state must give —opportunities to women, especially to those living in rural areas without adequate social support, so they can get employment (...) and have decent living conditions|| (art. 46(2)). With regard to children, the constitution obliges the state to ensure that they are not employed in ways that —affect their education and schooling, or that are detrimental to their health and welfare (art. 48 (2)).

⁸⁹ None of our key informants expressed any other opinion. Neither does any relevant literature.

⁹⁰ Daniel Adler & Michael Woolcock (2009), p.169-171

Of course such provisions are largely unrealized at present. As with other dimensions of Cambodia's legal system, it is important to recall that the constitution is only weakly embedded in the various institutional, political, and cultural structures that might lend it stronger normative power. Similar considerations apply to the primary piece of legislation governing employment in Cambodia: the Labor Law of 1997. This law was drafted with assistance from the ILO and the U.S. union movement.⁹¹ It is a hybrid piece of legislation that draws on a number of sources, including, most significantly, Cambodia's postcolonial (and heavily French-influenced) 1972 labor code, international labor standards, and the immediate postsocialist Cambodian labor code of 1992. The 1997 law is similar to earlier Cambodian labor laws in that it provides a detailed framework for the regulation of most private sector employment relationships. The only significant category of private sector employees that is excluded from the labor law is domestic servants. Major topics covered by the law are wages and benefits (though establishment of a minimum wage is left to the executive or through collective bargaining), working hours, leave, health and safety, discipline, and dismissals. The areas of the law that contained major innovations compared to the 1992 code related to the ILO's key labor rights norms, namely:

- the establishment of a system for the resolution of labor disputes;
- the inclusion of the right for workers to form, and be members of unions;
- the elaboration of the right to bargain collectively; and
- the protection of the right to strike [according to mandated procedures].

In examining the process whereby international standards permeated local legislation, it is noteworthy that the passage of the 1997 labor law preceded Cambodia's ratification of the ILO's conventions on freedom of association (C.87) and collective bargaining (C.98), which occurred in 1999, but followed its ratification of the ICCPR and the International Covenant on Economic, Social and Cultural Rights (ICESCR), which occurred in 1992 while the country was under *de facto* administration by UNTAC. Emerging from this period as a heavily donor-dependent country seeking reintegration in the international community, Cambodia's openness to the formal adoption of international human rights instruments has been a hallmark of its postconflict transition. Law reform has, however, by no means automatically led to changes in labor relations. A combination of existing practices, together with a variety of incentive systems in workplaces, the labor market, and state institutions charged with upholding and enforcing the law, ensure that this is not the case. In these circumstances, the practical attainment of international labor rights standards is not a project that relates primarily to law *per se*; rather, it is the subject of political contests played out on multiple levels, both legal and nonlegal.⁹²

Constitutional clauses apply to all, but what is core to understanding the 1997 labor law⁹³ is that it only provides protection of workers who are in a contractual employer-employee relationship. This aspect is going to be explored further in section 3A.

The existence of adequate legislation is certainly an **opportunity** for the labor movement. Law, although only one reference point in political battles, is a very important one. For the international community it often appears to be the only one, considering the situation acceptable if a legal framework and accompanying institutional structure is in place that seems adequate. As is often the case, an important opportunity thus includes a major **threat** as its dark side. Government and employers are very aware of international judgement being much concerned with 'proper' procedures and adequate legal frameworks. That forces them in situations like

⁹¹ Arturo Bronstein, (2004–5) The Role of the International Labor Office in the Framing of the Labor Law, *Comparative Labor Law and Policy Journal* 26: 339. p.171

⁹² c.f. Boaventura de Sousa Santos and Cesar Rodríguez-Garavito, eds., *Law and Globalisation from Below: Towards a Cosmopolitan Legality* (Cambridge: Cambridge University Press, 2005).

⁹³ For the purpose of comprehensiveness: "Apart from the Labor Law, other legislation also directly or indirectly affects labor relations. The main relevant texts are: *Law on the Export of Cambodian Labor to Foreign Countries*; *Law on Social Security Regime for those set under the Provisions of the Labor Law* (15 August 2002); *Law on Commercial Registrations and the Commercial Register* (26 June, 1995), some provisions of which are amended by *Law of 18 November 1999*; *Law on the Press Regime* (18 July 1995); *Law on Demonstration* (27 December 1991) [amended 2009]; and, more generally, *Decree-Law No. 38 on Contract and Other Liabilities*".(AMRC, 2008)

labor relations wherein – for specific historic reasons (see also section 3.C) – international scrutiny really matters, to operate carefully. However, given an unequal power balance, it is also an open invitation to use (development of) the law to their advantage. As long as ‘proper’ procedures are followed and the outcome ‘overall’ is acceptable, the country is judged by many geo-political actors as having a reasonably good legal framework. In combination with a judiciary that is not independent, this opens possibilities for government to misuse any clauses in legislation that can be misused. Development of the legal framework in such circumstances asks for a No Harm assessment of any new laws or further elaborations of legal provisions⁹⁴. This seldom happens. The usual scenario is that legal development gets IFI or IO support, which legitimizes the eventual outcome (often quite good but containing some clauses very easy to misuse), and subsequently, when applied, the enforcers counter criticism with the argument that they are ‘only following the law’.

The most prominent debate in Cambodia is around a new NGO law. A law that would apply to associations, the legal form some unions have taken to circumvent restrictions on unionization of workers in the informal sector and of civil servants. There is serious opposition against this law, coordinated by the NGO umbrella’s (CCC, NGO Forum, Medicam) but the NGO ‘movement’ front is not united and several important players in the international community are unwilling to take a No Harm stance regarding such a law.

Closer to home, the new law on demonstration adopted October 2009, is an example how the legal framework is actively used as a tool for repression⁹⁵. The new law on trade unions is another example that merits attention. There is general tripartite agreement that the trade union landscape would profit from means to prevent yellow unions from registering, to have a Most Representative Status Union mechanism in place, to increase transparency of union (financial) operations, and to be able to differentiate between ‘legal’ and ‘illegal’ strikes. But anyone would understand that the devil is in the detail regarding means to accomplish such matters. Clauses that work perfectly fine in a rule of law context can be misused easily in a setting like Cambodia.

Another debate that should be seen in the same light is the ongoing discussion on the establishment of a labor Court⁹⁶. Our labor movement informants were quite divided about the desirability of such a court. Will its potential advantages – individual workers having a dispute with their employer defending their case in front of dealing with judges who are much more knowledgeable about the labor law – outweigh its potential risks – the labor court mirroring the normal courts, one of the most corrupt institutions of the country, taking over from the independent Arbitration Council as the locus for collective dispute resolution. It is difficult to imagine the bulk of employers, obviously in most cases the strongest (in terms of political connections and finance) party, not preferring a corruptible court to an independent AC.

2.A.1.2 *Analysis and appraisal of the implementation of the present labor legislation and the opportunities and threats for workers and trade unions fighting for protection of labor rights*
Like with many laws in Cambodia, the labor law is adequate, but implementation is a very different story. There is a clear relationship between unionization and the implementation of the law. In the most unionized parts of the formal economy, the garment sector, and then especially in the GMAC member factories, and in the larger hotels, workers have bargaining power. Also at micro-level this conclusion can be drawn. The recent benchmark survey for the tracking study of

⁹⁴ This argument is made in general terms in e.g. Chhim, K. and Henke, R (December 2006)

⁹⁵ Statement by FIDH, Licadho and Adhoc: The new law on demonstrations: a terrible setback for freedom of assembly; <http://www.fidh.org/The-new-Law-on-Demonstrations-A-terrible-setback> (accessed 31-07-2010)

⁹⁶ The Labor law has provisions for both a Commercial Court and a Labor Court, which need further development to become implementable.

garment workers⁹⁷ found that union members were more likely to receive the severance payment upon termination than they are legally entitled to than non-members⁹⁸.

The biggest complaints of the labor movement about implementation of the labor law are⁹⁹:

- Misuse of short-term contracts (see also section 2.A.2.7)
- Repression of the freedom of association
- Assassination of union leaders
- Use of criminal charges of union leaders
- Crackdowns on peaceful protests
- Minimum wage only set within the garment sector (at a level that is too low)

For the time being, the garment and hotel sectors remain the movement's major opportunity. It is where they are a real player. Here they can set standards that can become/be used as benchmarks for other sectors in the future. An example are the ongoing discussions about a CBA for the whole garment sector that might include acceptance of Arbitration Council rulings as binding. Other examples are minimum wage, only set for the garment sector, and CBA's, only evident in garments, hotels (and one in construction).

An often heard opinion is that the dispute resolution mechanisms set in place (involving the Arbitration Council) are increasingly taken less seriously by employers/used as a way to stall. Some see the plans for the creation of a labor court as an opportunity to deal with that problem, but others would identify it as a threat.

The union representation in the major tripartite mechanism – the Labor Arbitration Committee (LAC) – is dominated by government friendly federations. Although minority opinions are made public by those disagreeing with LAC decisions the fact that this body is heavily skewed towards the non-workers side is a threat to the movement as unbalanced tripartite mechanisms delegitimize social dialogue structures.

The strength of the labor movement lies in its members and thus in its ability to rally as united behind its major demands. Disunity regarding major issues is a weakness and it seems to be growing with the increasing split between the former Group "B" federations (see box 11), as epitomized with their different positions in the battle for increasing the minimum wage for garment workers. FTUWKC first didn't support any demand for a rise, which C.CAWDU and its CLC partners used as a platform for their May day program¹⁰⁰. Then FTU tried to take the initiative by going public with a demand that undercut the C.CAWDU starting position and threatened with strikes, a threat that was subsequently withdrawn. The government then forced a minimal increase through the LAC, an agreement that C.CAWDU and NIFTUC (with waxing and waning CPP leanings – living proof that being in the CPP camp doesn't necessarily mean federation cannot take independent positions) took a minority stand against; and recently defied a ban of Phnom Penh municipality to hit the streets with demonstration for a higher minimum wage¹⁰¹. This demonstration was not joined by FTUWKC, although their demand and the level that the other unions would be willing to settle on are very close to each other. Such working at cross purposes is certainly to be judged a threat.

2.A.1.3 Analysis and appraisal of the gender sensitivity of the present labor legislation and the implementation of the legislation.

⁹⁷ Kang Chandarot & Liv Dannel (March 2010), p.49

⁹⁸ It is telling that only 34% in total received compensation...

⁹⁹ See e.g. Tola Moeun (September 2009)

¹⁰⁰ FTUWKC used to organize this on behalf of the labor movement, this year CLC did and FTU refused to participate and organized its own program instead

¹⁰¹ See e.g. <http://www.licadho-cambodia.org/pressrelease.php?perm=224> (accessed 01-08-2010)

Box 10 gives what the author describes as only a brief overview, and not be be regarded as comprehensive and or in-depth of the gender sensitivity of the current labor legislation. Despite this caveat I reproduce it here because it makes it immediately evident that the major issues are not so much with the 'quality' of the legislation. An assessment like the below, can be made for the legislation of most countries, not setting Cambodia far apart from even many developed states.

On top of that, the overview also indicates a couple of very practical suggestions for the labor movement to take up:

- paid maternity leave
- an effective complaints process with remedies and penalties regarding sexual harassment

Lastly, it points out the two macro-issues for labor from a gender perspective. These issues are also the macro-issues for labor in general:

- The non-coverage of the infomal sector
- Migration

Box 10: The Current Labor Law and gender¹⁰²

"In general the current Labor Code of Cambodia is quite advanced. There are regulations on non - discrimination (art.12) and equality between sexes.

Art.12 Labor Code determines that no employer shall consider on account of its sex. However art.12 doesn't provide a definition of discrimination and it is not clear, if also an indirect discrimination is covered by this provision.

The Convention on Elimination of All Forms Discrimination against Women demands all state members to incorporate comprehensive anti-discrimination provisions prohibiting direct and indirect discrimination against women in employment, on the grounds of marital status, pregnancy, disability, HIV status, sexual orientation or any other status. In particular, a specific prohibition on dismissal on the grounds of pregnancy, maternity leave or marital status.

The Cambodian Labor Code doesn't make this perfectly clear. Regulations regarding equal conditions of work for men and women, including the right to promotion, job security and all benefits and conditions of service such as paid leave and the right to the protection of health and safety in the workplace (including safeguarding all aspects of the function of reproduction) are partly regulated but not with the required resolutness and clearness.

The Labor Code considers many women-specific interests (compare chapter art. 182 et seq.) like e.g. regulations on maternity leave (art.182 LC) or the demand of setting up of nursing rooms and day-care centers under certain conditions (art.186).

But despite of these regulations, gaps are still existent like e.g. in regard to the guarantee of paid maternity leave. This right is granted only to women having a minimum of one year of uninterrupted service in an enterprise. Further women are only entitled to half of their wage during this leave. This regulation leads many enterprise to employ women only temporarily and doesn't guarantee a proper mean of subsistence during the leave.

Further, the Cambodian Labor Code does not place an obligation on employers (both public and private) or on the State, to investigate the *de facto* situation of women in employment and introduce temporary special measures in response in order to accelerate women's participation in employment.

The labor code is also not broadly applying to domestic or household servants (compare art.1 labor code) and is also not covering the informal sector like e.g. street peddling, manual labor etc. In consideration of the high percentage of women within in this working field this is regarded as an inappropriate disadvantage for women.

Furthermore the legal framework related to labor migration is regarded as not sufficiently regulated. Regulations in regard to the control of recruitment agencies, function and use of saving funds, working conditions are still lacking, within the labor code lacking. In regard to the decisive linkage between labor migration and human trafficking as well as sexual exploitation this issue is regarded of high interest.

Finally there is no sufficient protection of women by the Labor Code in regard to sexual harassment cases. Even though the Labor Code is forbidding all form of sexual violation respectively harassment, this regulation is not supported by an effective complaints process with remedies and penalties.

Means there are no legal consequences for those guilty of violating the provision 172 Labor Code (compare chapter XVI of the labor code - the final provisions). In light of this gap it is highly doubtful if this article provides a sufficient protection of women. This regulation is looking good on paper but in practice according to the Labor Code no legal consequences are expected".

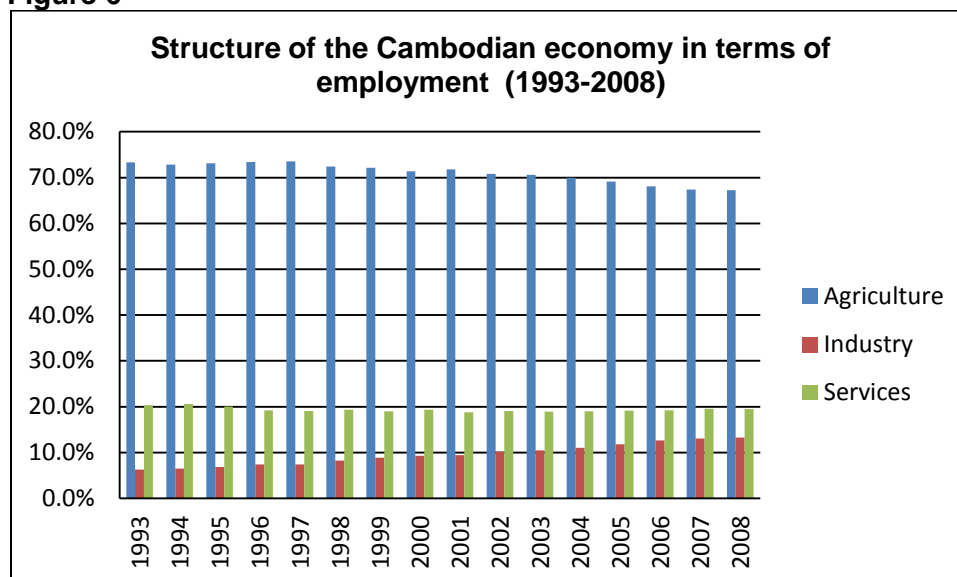
¹⁰² Mueserref Tanriverdi (2009) Brief Notes to the Current Labor Law

2.A.2 Socio-Economic

2.A.2.1 The labor market and its segmentation in relevant economic sectors such as construction and transport, food and textile, industry, services and commerce, and agriculture and agro-industry

Figure 6¹⁰³ gives the overall picture of the Cambodian economy in terms of employment (1993-2008)

Figure 6



According to this picture, over these 15 years the proportion of agricultural employment decline (73,3% to 67,2%), services remained stationary (20,3% to 19,5%) and industry increased (6,3% to 13,3%)

Another picture of the structure of the Cambodian economy emerges from table 7, which is taken from an International Monetary Fund Country Report (No. 07/291, August 2007)¹⁰⁴, citing National Institute of Statistics data. The figures do not match for the absolute numbers as the EIC model uses another definition for employment than the NIS (see about the latter: section 1.3.A).

	(in thousands)			(in percent of total)		
	2002	2004	2006	2002	2004	2006
Total employment	6,571	7,496	8,053	100	100	100
Agriculture, forestry and fisheries	4,426	4,520	4,619	67.4	60.3	57.4
Industry	741	947	1,169	11.3	12.6	14.5
Services	1,404	2,028	2,265	21.4	27.1	28.1
Agriculture, forestry and fisheries	4,426	4,520	4,619	67.4	60.3	57.4
Agriculture	4,080	4,103	4,183	62.1	54.7	51.9
Forestry	56	57	60	0.8	0.8	0.7
Fisheries	291	360	376	4.4	4.8	4.7

¹⁰³ Table by Neou Seiha on the basis of EIC' general equilibrium model

¹⁰⁴ As quoted in AMRC (2008)

Industry	741	947	1,169	11.3	12.6	14.5
Mining and quarrying	15	17	20	0.2	0.2	0.3
Manufacturing	601	720	870	9.1	9.6	10.8
Utilities	6	16	19	0.1	0.2	0.2
Construction	120	195	260	1.8	2.6	3.2
Services	1,404	2,028	2,265	21.4	27.1	28.1
Trade	756	1,042	1,140	11.5	13.9	14.2
Hotels and restaurants	24	30	61	0.4	0.4	0.8
Transport and communications	178	196	217	2.7	2.6	2.7
Financial intermediation	9	16	32	0.1	0.2	0.4
Real estate, renting	16	15	184	0.2	0.2	2.3
Public administration and defence	159	180	18	2.4	2.4	0.2
Education	94	106	120	1.4	1.4	1.5
Health and social work	28	37	49	0.4	0.5	0.6
Other social services	59	78	108	0.9	1	1.3
Other	81	327	336	1.2	4.4	4.2

This is not the place to mediate between such divergent pictures of the Cambodian employment reality; what matters though is that whatever figures appear in important policy discussion, and in labor movement advocacy do not seem to derive from an argued position regarding data definitions, data gathering methodologies, and the extent to which they reflect current reality rather than the situation some years ago. The above data are not directly accessible for quick reference – they are derived from an organization with privileged access (the IMF). It would certainly strengthen the labor movement if basics like the best and most recent version of such data – including a clear description of their margins of error and limitations - would be ongoingly available to its members.

However this may be, both representations agree on agriculture still being by far the major sector of employment, services being second and industry third. Also the NIS version of Cambodian employment reality can be compared to its version of the structure of the Cambodian economy in terms of value added. Table 8 shows that agriculture's contribution to employment proportionate to its contribution to GDP is much larger than the contributions of industry and services.

Table 8: Employment and value added by sector 2004-2008 (in %) ¹⁰⁵					
	Employment		value added (current price)		
	2004	2006	2004	2006	2008 (projection)
Agriculture, forestry and fisheries	60.3	57.4	31.2	31.7	34.1
Agriculture	54.7	51.9	19.1	20.8	26.0
Forestry	0.8	0.7	3.4	3.2	3.4
Fisheries	4.8	4.7	8.7	7.6	7.3
Industry	12.6	14.5	27.2	27.6	23.6
Mining and quarrying	0.2	0.3	0.4	0.4	0.4
Manufacturing	9.6	10.8	19.9	19.6	16.2
Utilities	0.2	0.2	0.5	0.6	0.5
Construction	2.6	3.2	6.4	7.0	6.5
Services	27.1	28.1	41.7	40.8	40.9
Trade	13.9	14.2	9.9	9.4	9.3
Hotels and restaurants	0.4	0.8	4.4	4.6	4.8
Transport and communications	2.6	2.7	7.5	7.5	7.8
Financial intermediation	0.2	0.4	1.1	1.3	1.4
Real estate, renting	0.2	2.3	7.6	6.9	6.8
Public administration and defence	2.4	0.2	2.1	1.8	1.9
Other	5	6.1	9.0	9.3	8.9

All of the above looks at the current situation based on trends in the past. However, strategic deliberations of the trade union movement should be informed by indicators that tell something about the prospects of different sectors of the Cambodia economy for the future too. Employers, government and their international supporters, especially, the World Bank, ADB, the IMF, and UNDP produce a constant flow of often quite technical analyses assessing the drivers of growth, analyzing constraints to growth and divining possible scenarios for the future. Apart from the Cambodian economists who are regularly commissioned by one or the other of these organizations to contribute to these assessments (as well as by the ILO to do research or do assessment for labor and/or employers), hardly anyone in the trade union world has time to read this literature and/or is capable to really digest it. Also, the quality of the underlying data is often limited, the analyses are certainly not done from the perspective of the labor movement, and, given that this interpretation and prediction literature is just that – educated guesses of what the available information indicates – none of the reports' conclusions can be taken at face value. They are (meant to be) input in policy discussions and the stakeholders themselves are required to derive their own conclusions. The output of such literature is substantial and its analysis is beyond the capacity of this context analysis to analyze and summarize. What is worrying though is that the Cambodian labor movement has no actor that does this for them.

Annex 4 gives an extract of only one of these recent publications¹⁰⁶, that identifies trends, and summarized strengths and challenges of agriculture, garments/light manufacture, tourism,

¹⁰⁵ Employment data from table 7, value added data: authors own calculations based on data available at: <http://www.nis.gov.kh/index.php/statistics/national-accounts> (accessed 31-07-2010)

¹⁰⁶ UNDP (2009)

information and communications technology and of construction. Other assessments add banking and insurance, food processing, food packaging, and to health care.

What would need to happen is ensuring that the labor movement has access to the same data and can make their own analyses in an ongoing way. This would require some organizational arrangement that amongst other things takes care of:

- Identifying and collecting relevant databases
- Updating them as and when new data become available and updating any relevant analytic representation (trends graphs, cross-tabulations)
- Identifying new data requirements and looking for ways to satisfy them
- All of the above in close consultation with the labor movement user community

For the sake of argument let's label this the Cambodian labor research center.

Without the ability to properly compile, assess and synthesize the currently available information on the Cambodian economy this report can only describe the opinions of some relevant key informants¹⁰⁷ regarding prospects.

- Garments is judged to have reached a plateau. The industry needs to transform itself to remain competitive and this is going to take at least five years. All being well the sector is going to recover but only grow slowly.
- Like garments, tourism is volatile but its recovery is foreseen to be accompanied by more substantial growth.
- Construction is also expected to pick up again, but its crash is generally seen as a healthy reaction to an overheated sector and its future growth is not expected to be as big as before
- Everyone sees great growth potential for agro-processing (food processing – and packaging- and animal feed processing)
- Banking is seen as somewhat problematic (too many banks) and growth is not going to be large, although micro-finance is expected to continue to grow

Last but not least, different people judge agriculture in different ways; all economists see some growth potential but none really expects the huge areas granted as economic land concession to be actually converted into (industrial) plantations. They are assumed to be primarily vehicles for speculations. However, informants directly working with land activists paint a totally different picture: massive clearing of concession land, often with direct involvement of the military¹⁰⁸. The bi-lateral (Cambodia-Vietnam) and tri-lateral (Cambodia-Vietnam-Laos) economic talk shops and their outcomes regarding e.g. concessions to Vietnamese State Owned Enterprises for rubber, do suggest Cambodia's government's serious interest in pursuing a plantation economy model. The least one should say is that the possible increase in plantation labor merits attention from the trade union world.

¹⁰⁷ Basically a summary of the opinions of the four Cambodian economists we talked with

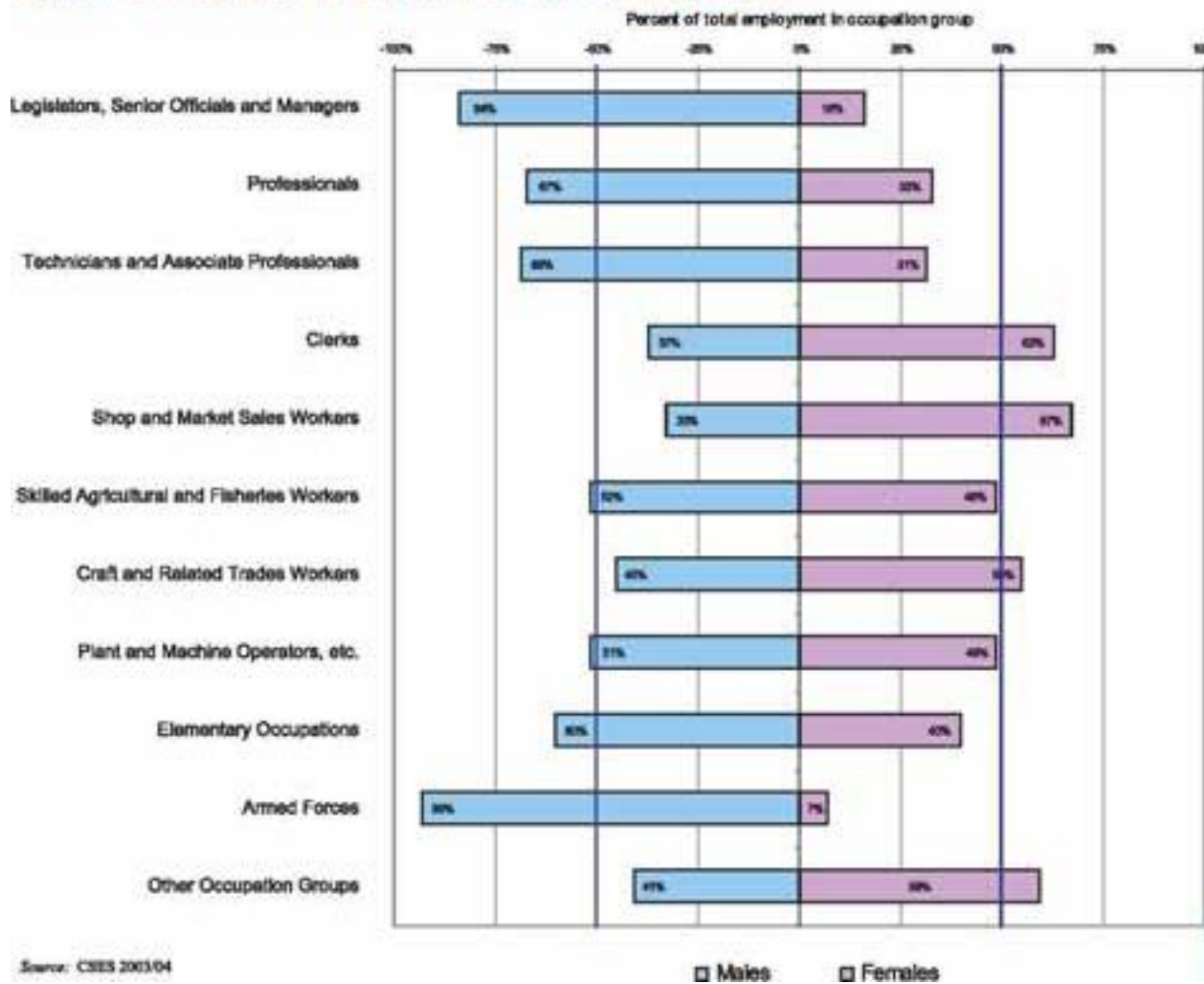
¹⁰⁸ Military involvement in protecting private interests has been a long standing tradition in Cambodia(e.g. Licadho, May 2009), but the government has recently announced an official policy of affiliation of private companies, government agencies/ministries and military brigades, see e.g. <http://www.time.com/time/world/article/0,8599,1995298,00.html>

2.A.2.2 Detailed gender analysis of the formal segments of the economically active population.

The only source of published data (i.e. not requiring analysis of primary data) to answer this question is the 2008 Cambodia Gender Assessment¹⁰⁹. All figures below are extracted from that comprehensive analysis and based on CSES data of 2004. Overall there is a clear shift for both men and women from agriculture to industry and services, but with clear gender differences in occupations and industries.

Figure 7: Occupation groups are highly segregated by sex

Figure 2:7. Gender distribution of employment 10+ by occupation group, 2004



¹⁰⁹ Ministry of Women's Affairs (April 2008)

Figure 8: the formal economy remains highly segregated by sex in sub sectors

Figure 2-18. Wage employment by major industry group and sex, 1998 to 2004

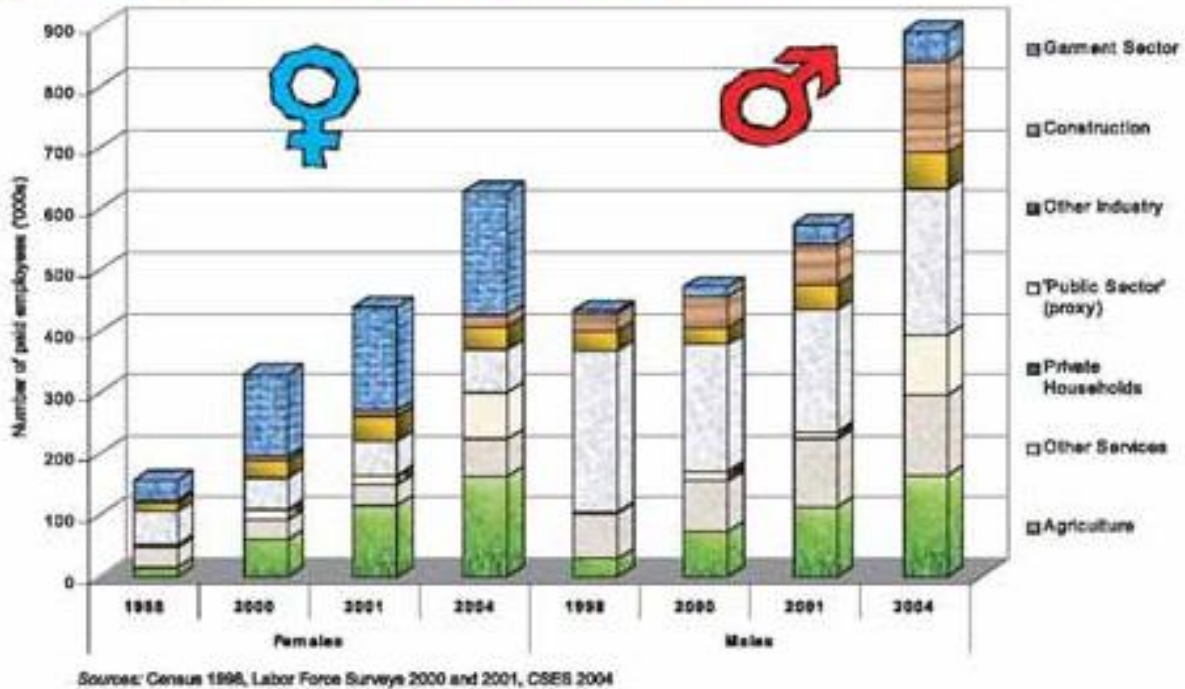
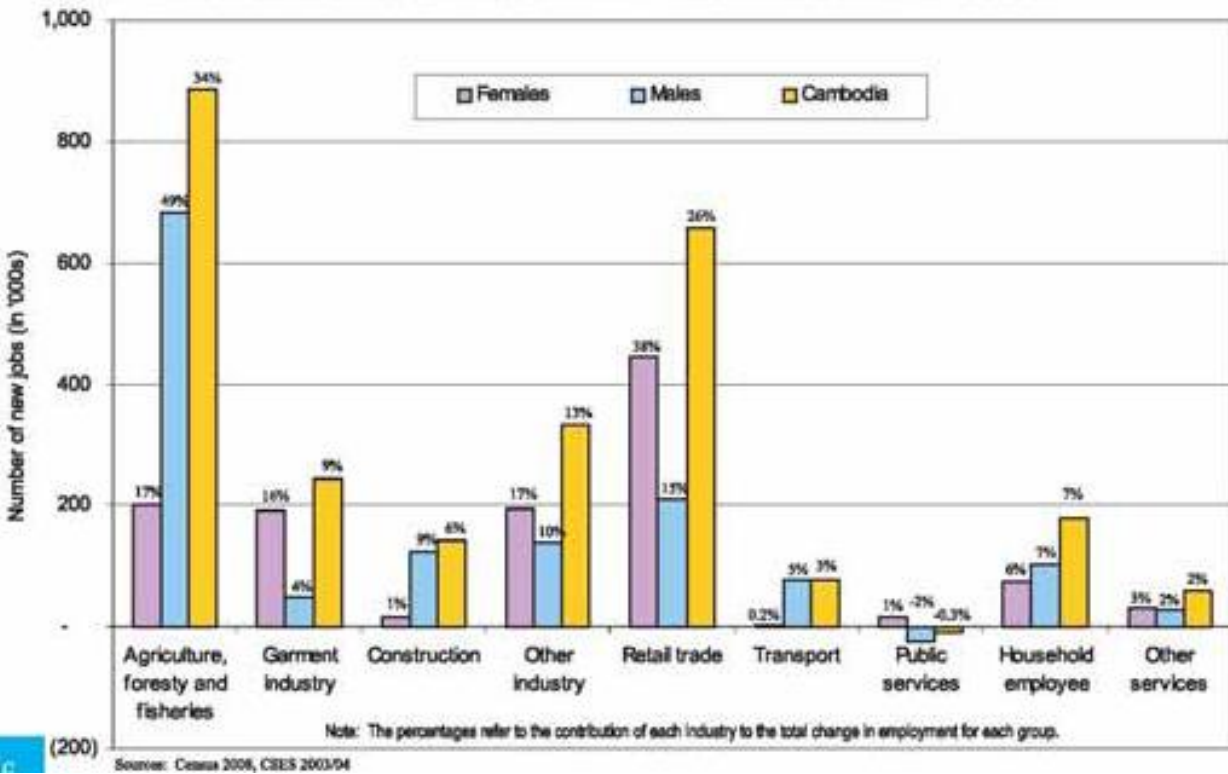


Figure 9: There are clear differences in sources of new employment for women and men

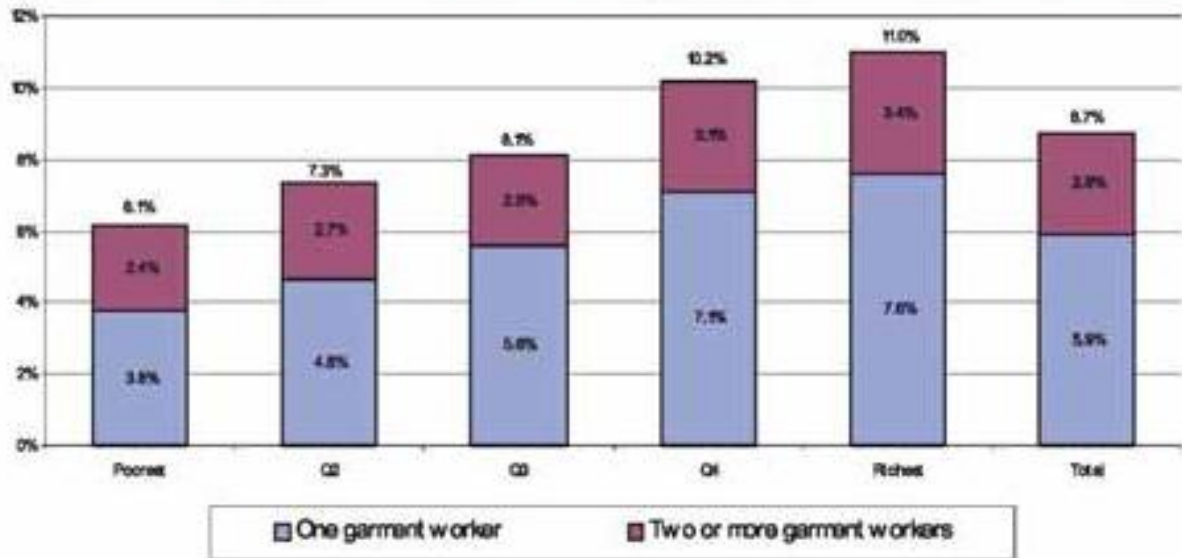
Figure 2-8. Distribution of the changes in employment between 1998 and 2004 by major industry and sex



Although extremely important to the economy in general, and to women in particular, the garment industry provides a relatively small share of total employment. And it doesn't employ the poorest, but favours richer households

Figure 10: The garment sector employs more women from the richer quintiles of the population

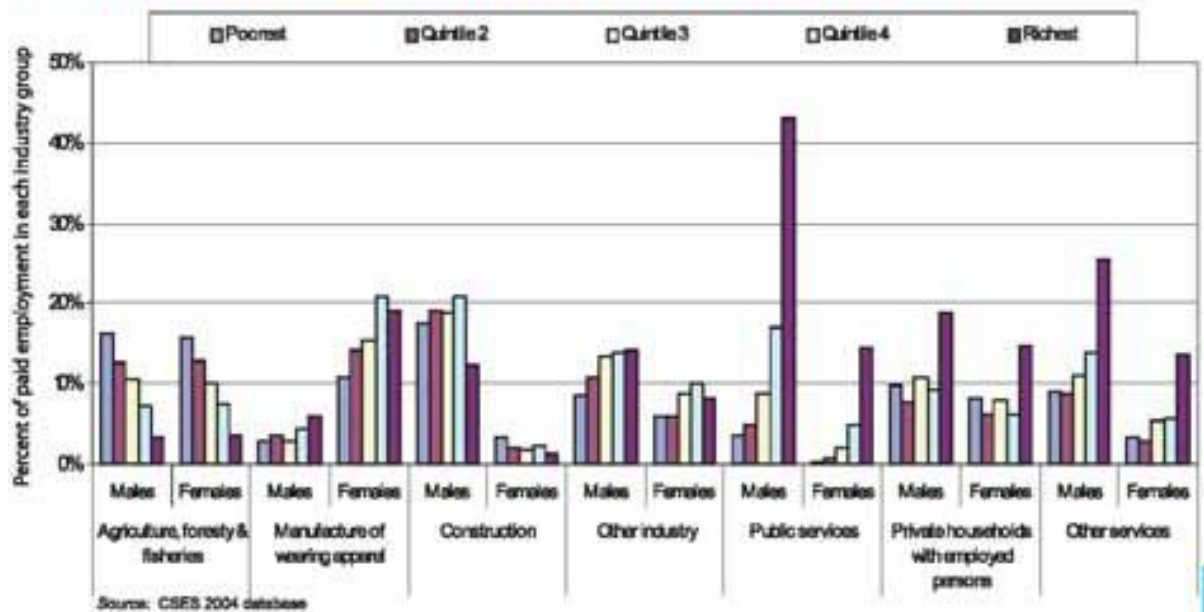
Figure 2-21. Percent of total households with garment worker(s) by quintile and number of garment workers, 2004



Source: CSES 2004 database

Figure 11: Men, particularly from the richest quintile, dominate public sector employment

Figure 2-23: Distribution of paid employment by industry group, sex and wealth quintile, 2004



Source: CSES 2004 database

Some other relevant conclusions of this gender assessment are:

- Tourism contributes relatively little to female employment

- Construction is overwhelmingly dominated by men providing 4,5% of male employment but only 0,6% of female employment. However, more women are reported to be seeking and gaining construction labor work, often joining their husbands.
- Women are under-represented in professions and decision-making positions in all sectors of the economy

The last two figures (12 & 13) show the distribution of non-agricultural employment for men and women outside Phnom Penh and in Phnom Penh, broken down in two groups: self-employed and unpaid family workers (a proxy for the informal economy) and the employed. It is recognized that many employees are also in the informal economy, particularly domestic workers who are explicitly excluded from coverage under the labor law and that some self-employed workers operate registered businesses. The figures highlight the importance of trade to women, disaggregate formal and non-formal employment in manufacture, and highlight the importance of self-employment in fisheries and forestry. Looking at these figures one needs to keep in mind that agriculture has been left out because it would totally dominate the other distinctions!

Figure 2:26. Distribution of non-agricultural employment in the 'informal' and 'formal' economy outside of Phnom Penh

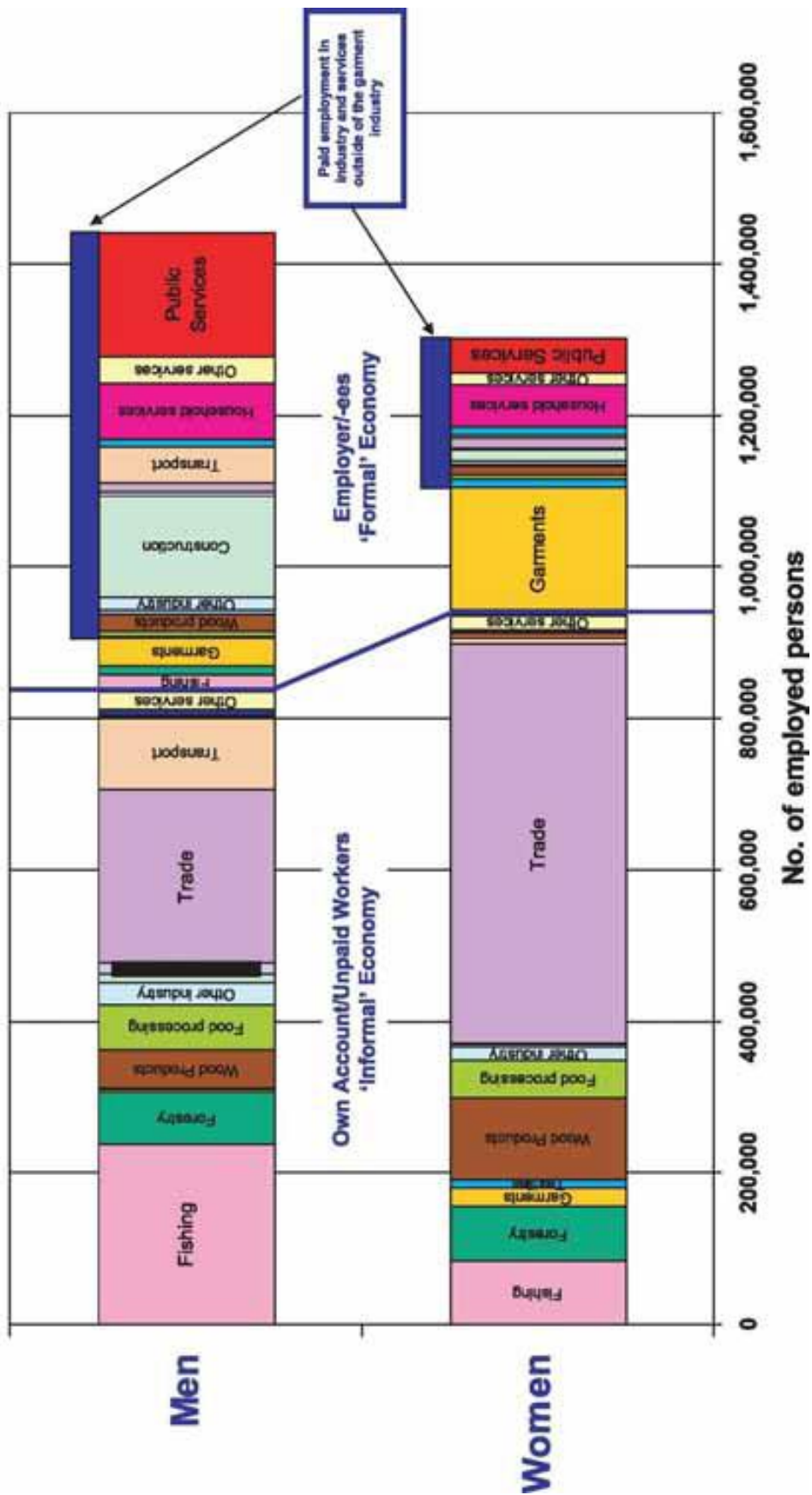
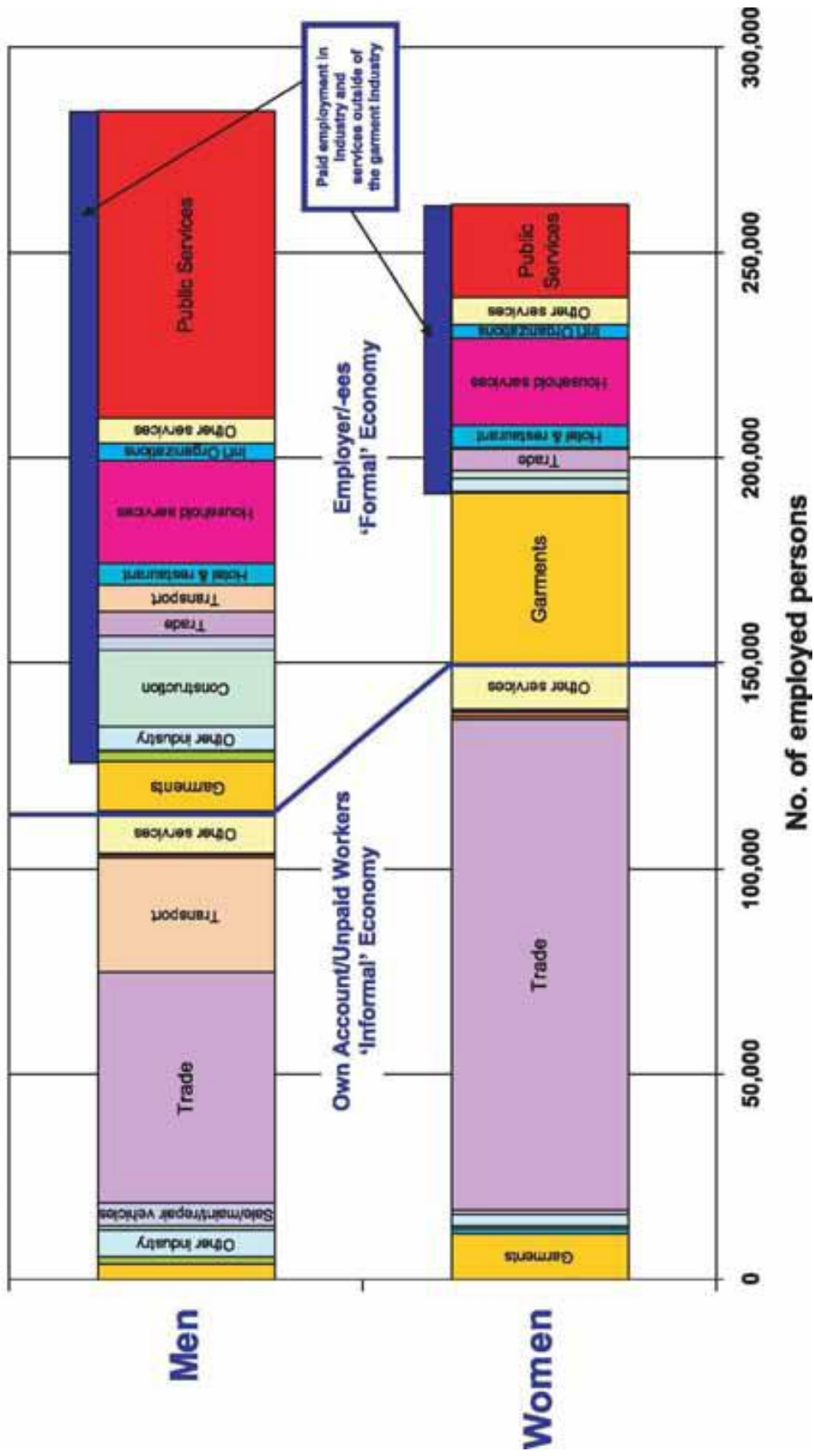


Figure 2:27. Distribution of non-agricultural employment in the 'informal' and 'formal' economy in Phnom Penh



2.A.2.3 *The representativeness of the significant labor organisations in terms of ‘coverage’ of the economically active population at the national, regional and sectoral level. How representative is the national, regional and sectoral labor movement in de formal sector? An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.*

The trade union movement in Cambodia is overwhelmingly a garment union movement. The number of unions, federations and confederations (and ‘chambers’ – an alliance of confederations) is constantly growing and changing. The only ones systematically trying to keep track of this is the union support organization Solidarity Center (formerly known as the American Center for International Labor Solidarity – ACILS). Box 11 below summarizes the history of the Cambodian labor union movement based on the latest synopsis of the Cambodian labor movement by the Solidarity Center.

Box 11: history of the Cambodian labor movement¹¹⁰

“The first post Pol Pot regime union was the Cambodian Workers Union Federation (CWUF), formed in 1980 under the control and influence of the Kampuchean People’s Revolutionary Party (PRPK) currently the ruling CPP. Its leaders were trained on trade unionism by the Vietnamese trade union. Early trade union formation was closely tied to political parties; in 1999 CWUF changed its name to the Cambodian Federation of Independent Trade Union (CFITU). Some leaders in the CPP sponsored the formations of other unions such as the Cambodian Union Federation (CUF) established in 1996 and Cambodian Labor Union Federation (CLUF) in 1998.

In 1996, the opposition party SRP formed and organized the Free Trade Union Workers of the Kingdom of Cambodia (FTUWKC). In response to the political ties of the existing trade unions, the National Independent Federation of Trade Union of Cambodia (NIFTUC) was formed in 1999 with assistance by a local labor NGO, the Cambodian Labor Organization (CLO) with ties to international labor organizations such as. At the end of 1999 there mainly concentrated 5 trade union federations in the garment industry with the exception of CFITU that represents workers at the rubber plantations, beverage bottling company and port workers at Sihanoukville.

In the effort to qualify for trade benefits under the U.S. laws, the Cambodian Government adopted a new labor code in January 1997. A bi-lateral trade agreement was signed between the Government of Cambodia and the United States in 1999 that tie greater access to U.S. market to greater respect for labor rights. The liberal labor code spurred the proliferation of the trade unions as workers in the garment industry viewed the unionization as the way to improve their wages and work conditions. Other sectors organized inspired by the garment workers. However, the rapid formations and splits within the Cambodian labor movement were and are not based on strategic or ideological differences but on political party alliances, personalities and opportunism.

NIFTUC over time moved closer to the CPP, and members of a loose alliance with what for some time was labelled Group “B” unions (C.CAWDU, CTSWF, CITA, FTUWKC) in disagreement about the political affiliation of FTUWKC and CITA to the opposition party disbanded and the other unions created another platform for independent trade unionism: CLC.”

Table 9 below summarizes the formation of federations and confederations over time to date.

¹¹⁰ Solidarity Center (2010)

Table 9: Formation of Trade union federations, confederations and chambers¹¹¹

Years	Chambers	Confederations	Federations
1985 to 1999			CFITU, CLUF, CUF, FTUWKC, NIFTUC
2000			CCAWDU, CITA, CWLFU, FUF, KYFTU
2001			CAID, FUS, CUFBW, TUFIKEL
2002			CCTUF(merge to CUFBW), DTFU(CAC)
2003			CIFUF, CTSWF, TUWFPD
2004		CCTU	CIUF, UFID, LDUF
2005		CNC	IDEA, DISUF, CFBW, NUCW, CFWR, WLUF
2006		CCU, CLC, CIC	
2007	NACC	CCWR	FUKDW, NEAD, WFUF, NMWDC, FAPD, CSFWF, PWUF, CLAFU
2008		CUNIC	TAC, CFWU, CFTU, WoFiCi, KOCLA, WUF, TGaFe
2009			BWTUC (CUFBW+ CFBW), USWUF
2010			CCTUF (WoFiCi+CLAFU)

The sector coverage of unions can only be guesstimated. Table 10 below summarizes the claims of the various federations as per the Solidarity Center. Whatever the reality value of the claimed membership, the ratio between garment versus other others, seven garment sector union members to one unionized worker in all other sectors combined, is probably not too far off.

The table also makes it evident that the claims simply do not add up: the highest number of garment workers in registered factories (September 2008, Ministry of Commerce, as per GMAC overview) was 352,955. Even granting that some labor in unregistered factories might also be organized this still implies a claimed membership that substantially exceeds the total workforce.

In assessing this situation we take a two track approach. The first one is to differentiate between real unions and outfits claiming to be unions but either being either vehicles for other interests (company, or political party- yellow unions- or plain extortion set ups), or primarily welfare oriented associations. This is a very contentious issue and informants disagree about this assessment, some identifying CPP affiliation with 'yellow' union¹¹², others being more discriminatory. The authors take the position of those who judge any union that organizes and represents workers, and negotiates agreements with employers, political affiliation or not, as a real union. However, we do not consider company unions as real unions. Table 12 below gives an overview of the (claimed) membership of individual federations complete enough to allow for a reasonable estimate¹¹³. It indicates the unions that several key informants agreed are the real unions (as well as what one of them identifies as the politically most influential federations)¹¹⁴.

¹¹¹ Based on the Solidarity Center's synopsis and their chart of Cambodia trade unions

¹¹² The standard argument of those having this opinion was that the CBA's concluded by such unions do not go beyond legally required provisions and are thus 'meaningless'.

¹¹³ We were unable to get the raw data in the basis of which Solidarity Center has produced table 10.

¹¹⁴ Nuon Veasna (unpublished draft)

Table 10: sectors with union presence and union membership claims

Sectors	union membership claimed	Union Federations
Airport workers (Phnom Penh and Siem Reap)	646	CTSWF
Bottling (beer/soft drinks) factories	4,000	CFITU, CIFUF
Casino	815	CUF, CTSWF
Constructions (Building and Archeological)	5,806	BWTUC, CCTUF, FBWW
Garment	429,753	CCAWDU, CLUF, CWLFU, CFITU, NIFTUC, FTUWKC, CUF, CIUF, FUF, FUS, WUF, UFID, WFUF, KYFTU, TUFIKEL, LDUF, TUWFPD, DISUF, NUCW, CAC, CFWR, FUKDW, USWUF, CFWU, WPUF, CTPU
Hotels	1,511	CTSWF
Civil Servant	1,025	CICA
Port Workers (Sihanoukville)	1100	CFITU
Restaurant Workers	4,954	CIFUF, CFSWF, TUWFPD
Sanitation Worker, Gas Worker	835	CFSWF, TUFIKEL, CIFUF, CLUF,
Teachers	16,012	CITA, NEAD, TAC
Transportation (touring motor and motor Taxi, bus, taxi driver)	3,727	IDEA, LDUF, CAID
Rubber/Tobacco Plantation	7,632	CFITU, CIFUF
Misc.: manufacturing bicycle, carton, workers beer promotion girls, digital divide	2,700	CAID, CCAWDU, CFITU, CIFUF, CTSWF, IDEA, CMNWD, KOCTLA, CIFUF, CLUF
Total	489,516	

Note: It is telling for the way these data are currently available – i.e. not in a systematic database, including a metadata description – that the overview in table contains three federations that do not appear in other overviews and thus cannot be matched (WUF, WPUF, CTPU) as well as not containing unions mentioned in other overviews (e.g.TUFDWL).

The claimed membership of ‘real’ unions is 272,549, of which 243,960 in the garment sector. The second track is to decide upon a proportion of claimed membership that may be considered ‘real’ membership. Apart from paying membership dues we have only come across two other possible indicators that can be used make this decision: garment workers in surveys saying they are member of a union and/or saying they seek out a union in case of problems, and knowledgeable informants making guesses.

Table 11: Overview of claimed membership of union federations (real unions and others)

Union Chambers	Confederations	Federations	# of unions	Total members	Garment sector
NA	CLC	C.CAWDU	39	38938	G
	(independent)	CTSWF	17	3415	
		IDEA	4	1393	
		CICA	3	1042	
		CFSWF	5	406	
		FADP	19	571	
		BWTUC	1	1397	
	CCU	FTUWKC	135	70000	G
	(opposition party related)	CITA	18	8000	
	CCTU	CWLFU	12	7850	G
	(CPP related)	CFITU	56	36900	G
		TUFIKEL	10	2728	G
		FUS	7	3400	G
		FUF	7	3630	G
		FUDWR	5	3355	
		CUF	25	17562	G
		UFID	15	12313	G
	FBWW	4	3148		
NACC (CPP related)	CCWR	CLUF	96	79982	G
	(CPP related)	TUFDWL	10	10000	
		NEAD	6	2365	
		TUWFPD	19	21000	G
		CIUF	6	3870	G
		DISUF	4	1647	G
		TAC	NA	NA	
		CAC	NA	NA	G
	CIC	LDUF	19	10000	G
	(CPP related)	CFWR	NA	NA	G
		CFWU	NA	NA	G
		NUFCW	NA	NA	G
	CUNIC	CIFUF	11	4115	
	(CPP related)	FUKDW	12	6000	G
		PWUF	NA	NA	
	WFUF	NA	NA	G	

Union Chambers	Confederations	Federations	# of unions	Total members	Garment sector
NA	CNC	NIFTUC	15	7562	G
	(CPP related)	CFTU	6	3995	
		CCTUF	NA	NA	
		TGaFe	NA	NA	
		FAK	NA	NA	
		NFYNIWA	NA	NA	
Non-affiliated unions		KFWTU	NA	NA	G
		WUF	NA	NA	
		USWUF	NA	NA	G
		TUCC	NA	NA	
		WFDGWC	NA	NA	
		CAID	NA	NA	
		CNMWD	NA	NA	
		KOCTLA	NA	NA	

Notes:

Real unions are highlighted green

Politically most influential federations are highlighted blue

Figures:

CLC: CLC (2009)

Others: Nuon Veasna (unpublished draft)

Regarding claimed versus paying membership the Solidarity Center says: “Union membership is fluid. Members are counted based on signing union application rather than dues paying. Workers can be members of different unions”. This counting on the basis of applications has a couple of implications: Membership commitment is a total unknown and applications are counted cumulatively, thus the lists contain unknown numbers of workers who have moved on. As members signifies strength and thus bargaining power, exaggeration is bound to play a role too. Therefore paying membership is a more realistic indicator of actual union membership, but given the other two available indicators may under-estimate union strength.

Table 12 gives the membership figures of CNV partner CLC and its federation members. Paying membership varies across sectors but for garment union C.CAWDU it is 30%.

Table 12: membership of CLC Federation members

	Paying	Non-paying	Total	Paying proportion
C.CAWDU	12,950	30,174	43,124	30.03%
CICA	463	934	1,397	33.14%
IDEA	650	1,996	2,646	24.57%
CTSWF	2,579	1,092	3,671	70.25%
CFSWF	340	656	996	34.14%
FAPD	397	329	726	54.68%
BWTUC	838	559	1,397	60.00%
Total	18,217	35,740	53,957	33.76%

Note: Data taken from annual report 2009 CLC (2009), BWTUC figures: e-mail Mr. Ath Thorn

Regarding the other two indicators: The most recent available survey indicators give 59% for union membership and 48,5% for seeking the help of unions¹¹⁵. Key informant estimates are in the range of 50% to 60%, and mention current numbers around 200,000 union members.

A last ingredient to add to the mix of available inputs are more recent Ministry of Commerce data on employment in the garment sector which hover around 300,000 recorded workers.

Putting all this information together we would estimate:

Approximately 120,000-150,000 garment worker members of real unions

Approximately 135,000-175,000 members of real unions

The purpose of this whole exercise is not so much to be necessarily closer to the truth than others (and certainly more knowledgeable sources) but to highlight that about something as basic – but also extremely ‘fluid’ - as union membership very little solid information is readily available.

2.A.2.4 *The coverage of the existing labor protection, social security and public health provisions, the possibilities of access to professional training, the pension system, specific provisions in the case of labor accidents and death, unemployment provisions for workers in the formal economy. An appraisal of the quality of the social security system and the pension funds. Gender analysis of the system/data.*

See section 1.3.G. If one excludes some NGO Public Health schemes for poor Cambodians there is only some coverage for workers in the formal sector. Professional training opportunities are extremely limited, a pension system, beyond provident funds in part of the formal sector, nor unemployment provisions, exist. The NSSF has started with an insurance for labor accidents and death as a pilot, a health insurance is the next in line to be started – again on a pilot basis. No published data are available for further analysis of current coverage or gender disparities.

¹¹⁵ Kang Chandarot & Liv Dannet (March 2010)

2.A.2.5 *The relevant ILO conventions that are ratified not ratified, in process of ratification.* Cambodia joined the ILO in 1969 and has ratified 13 ILO Conventions, including all 8 of the Core Conventions.

Table 13: ILO Convention Ratification¹¹⁶

Convention	Ratification date
C4 Night Work (Women) Convention, 1919	24:02:1969
C6 Night Work of Young Persons (Industry) Convention, 1919	24:02:1969
C13 White Lead (Painting) Convention, 1921	24:02:1969
C29 Forced Labor Convention, 1930	24:02:1969
C87 Freedom of Association and Protection of the Right to Organise Convention, 1948	23:08:1999
C98 Right to Organise and Collective Bargaining Convention, 1949	23:08:1999
C100 Equal Remuneration Convention, 1951	23:08:1999
C105 Abolition of Forced Labor Convention, 1957	23:08:1999
C111 Discrimination (Employment and Occupation) Convention, 1958	23:08:1999
C122 Employment Policy Convention, 1964	28:09:1971
C138 Minimum Age Convention, 1973	23:08:1999
C150 Labor Administration Convention, 1978	23:08:1999
C182 Worst Forms of Child Labor Convention, 1999	14:03:2006

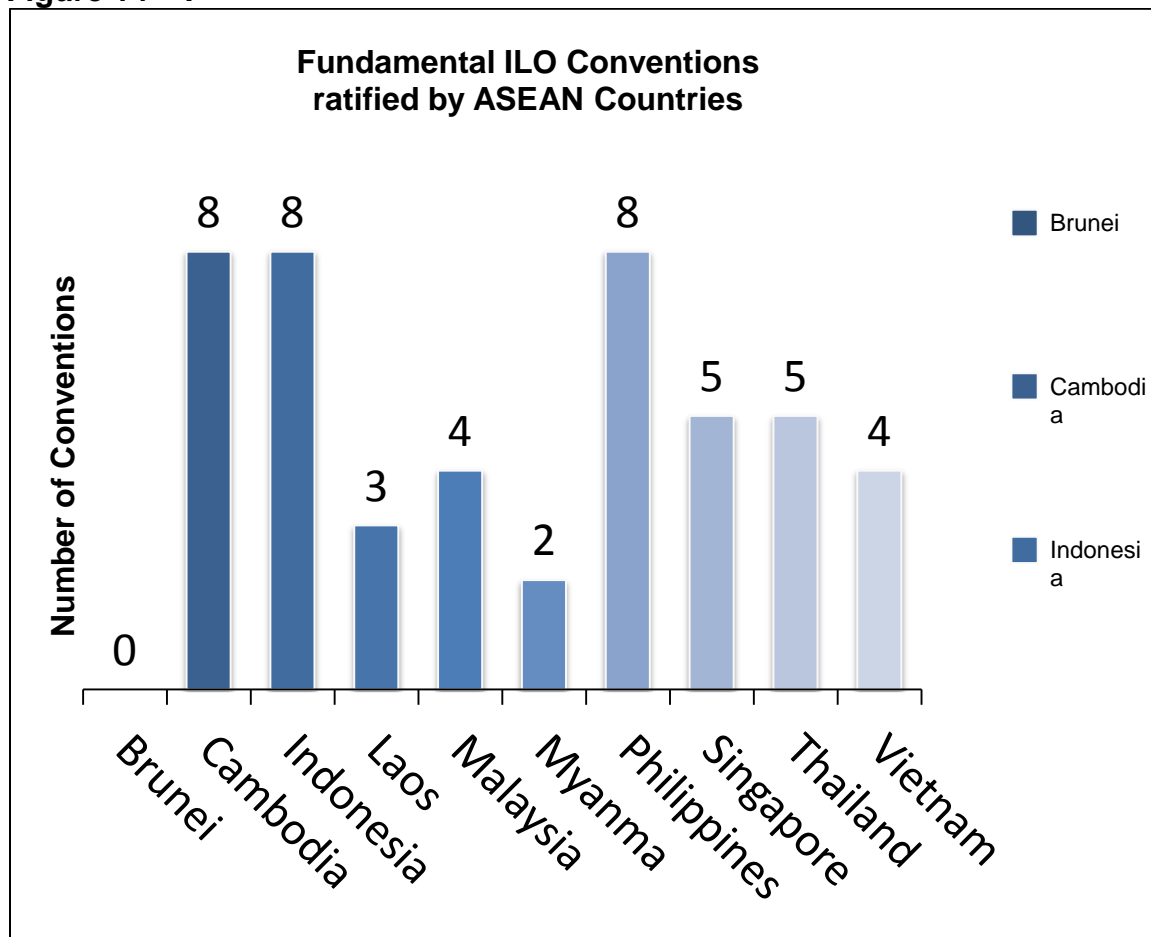
Source: ILOLEX, Database of International Labor Standards

Note: Core Conventions are highlighted

Figure 14 below shows how Cambodia's compliance to ILO core conventions compares to other ASEAN countries. The picture is in line with the assessment that the legal framework is not the primary issue.

¹¹⁶ AMRC (2008), p.8-9

Figure 14¹¹⁷:



2.A.2.6 Analysis of contract labor (formal/informal, covered by labor law, problems related to contract labor etc.)

The two biggest biggest labor condition issues for the labor movement in the garment industry are wage levels – the fight for a higher minimum wage – and the increasing replacement of contracts of unspecified duration by short-term contracts, lasting one, two, three, or six months only¹¹⁸. The tracking survey of garment workers confirms the trend. Of the initial sample of 1200 employed workers, 86% were regular workers, the others casual workers or on probation. Some workers are employed as casual workers long term, though normally they should be hired only short term. Similarly, some workers had been on probation longer than the legal limit of 3 months. Among the 80 probationary workers surveyed, the average length of probation was 5 months. Ten percent of them had been probationary for over 12 months.

Of the sample more than a third didn't know if they had a contract or were unsure about it, something that is a known phenomenon in the experience of ILO's Better Factories Monitoring project. Often further questioning would determine the existence of a contract. If we assume that quarter of those 'don't knows/unsures' really have no contract and further more assume that the others are evenly split between short term contracts and contracts of undetermined duration, this sample had 58% on short term contracts. As this is a conservative way of estimation¹¹⁹ this

¹¹⁷ Powerpoint presentation Kong Phallack (2009) Gender and Cambodian Labor Law

¹¹⁸ Mentioned in most interviews; also see e.g. Mr. Tola Moeun (Sep 2009)

¹¹⁹ If we would assume a split proportionate to the numbers that knew what kind of contract they had the % of short term contracts would increase to 63%; if we would only look at those that know their type of contract, 69% has a short term contract.

survey points to 60-70% of garment labor being on short-term contracts. Employers are quite frank about their position regarding the flexibility that short term contracts offer them. The secretary general of GMAC asked for comments on this perceived trend: "The use of short term contracts is an international practise not only in the garment industry but in any industry. However with the high level of uncertainty of order placements by buyers in our industry, it becomes even more necessary to make use of short-term contracts so optimise the costs structure of any factory."¹²⁰

The problems of the labor movement with this practice are¹²¹:

- Short term contracts are not meant for long term employment.
- The insecurity attached to short term contracts reduces the freedom of association because employees are likely to be afraid of forming or being members of a trade union.
- A contract of less than one year can deprive employees of their rights of legitimate employment benefits such as maternity leave, annual leave and sick leave.

2.A.3 Cultural

Impact of culture on labor rights in general and specific for vulnerable groups (women, youth,...)
Nothing in particular beyond what is described in section 1.4. Obviously, the hierarchical social structure cannot but infuse the trade union scene too. As in the NGO scene, patron-client relationships between leaders and followers and between the different levels of the union structure is bound to be rampant. If one broadens the concept of culture to include the current 'culture' of corruption, the 'opportunism' of trade union leaders accepting money to change loyalties is also due to culture. However, we feel 'culture' is not the best description for the pervasiveness of this behaviour at all levels of Cambodian society. An institutional and/or political-economy analysis would result in very similar descriptions. Complex societal issues should not be reduced to single/main cause explanatory schemes.

ACTORS

(i) The most relevant actors within the formal economy who provide special attentions to the needs of the workers regarding poverty reduction and labor rights (NGO, trade unions, private business, social, banking, Government, etc).

When one interprets the question to be who are the most important actors, not necessarily because they pay attention to workers needs but because their policies and mandates exert influence on workers' poverty and rights, the following can be mentioned:

- Real unions (positive influence) and their yellow counterparts (negative influence)
- Employer associations GMAC and CAMFEBA
- Government
 - Ministry of Vocational Training and Labor (MoVTL)
 - Ministry of Social Affairs (after the splitting of social affairs and labor into two ministries, Social Affairs still wields considerable influence through its minister who e.g. chairs a committee directly under the prime Minister advising on strikes and demonstrations)
 - Ministry of Interior
- ILO
- Unions' international partners
 - International unions
 - Donors
- Human Rights organizations (Licadho, Adhoc, CCHR, CLEC)

(ii) The most relevant actors that could facilitate these actors in improving their quality of work (training institute, gender institutes, research institutes, consultancy, accounting etc).

¹²⁰ E-mail information

¹²¹ CLEC (2009)

- ILO is both an active player and a support organization. It's Workers Education Project (ILO-WEP) and it's Dispute Resolution Project have been important for the development for the labor movement, especially the former¹²².
- Solidarity Center¹²³ supports the Cambodian labor movement since the beginning and has been and still is a centre of coordination, information, and an incubator for labor movement professionals (several of our key informants have at one stage or the other of their career worked for Solidarity Center).
- Community legal Education Centre (CLEC) has a long running labor program, providing training but also legal representation. The program has plans for garment factory monitoring.
- Social Action for Change (SAC) is a facilitation team supporting former Women's Agenda for Change programs with a.o. garment workers that have become independent. This is a group at the forefront of grassroots labor activism, that e.g. run a couple of centers in factory areas in Phnom Penh where workers (of different unions) meet, plan, discuss and support each other.
- There is a substantial section within the NGO world that more or less exclusively self-defines as gender issues focused. Gender And Development Cambodia (GAD/C) is the best known awareness training provider. They have done gender trainings for unions in the past.
- Of the general organizational and management training institutes, VBNK has a good name in developing custom tailored training in various subject areas, including gender.
- The Workers Rights Consortium has a local investigator and has done monitoring in several factories.
- Various research institutes (have) produce(d) relevant studies – often commissioned by ILO. Especially the Economic Institute of Cambodia (EIC), the Cambodia Institute of Development Study, and the Economic Association of Cambodia can be mentioned. Individuals associated with these are sometimes consulted in a personal capacity, by the labor movement, employers associations and/or government. However, none of them are labor research institutes/organizations and their involvement is always in response to (commissioned) requests.

2B. SOCIAL DIALOGUE

FACTS

2.B.1 *The existing structures of bi and tripartite dialogue at the national level, sectoral level (like for instance garment, construction) and an analysis about the functioning of these structures. Is this dialogue relevant? What are the most crucial results? Which of improvements of labor rights and labor conditions are measurable as a result of the activities of the labor movements within these structures?*

The most important body for tripartite dialogue is The Labor Arbitration Committee, which has 7 members from government, 7 members from the business side and 7 members from the union side. As the union block is largely filled by representatives of CPP affiliated unions, labor's say in this body is limited. Nevertheless, this certainly indicated progress in the development of a proper tripartite institutional building. However, measuring results is impossible, although most would agree that the influence of labor has increased by having an official seat at the table. A major question is how this advantage compares to the strict repression of demonstrations since 2003. The latter enabled the movement to high light its membership strength, and any autocratic

¹²² As the Solidarity Center synopsis describes its role: ILO- WEP also facilitates the discussion amongst the unions regarding key policy changes in the labor law and in preparing unions to be able participate hopefully as cohesive block in tri-partite settings such as the Labor Advisory Committee (LAC) and the Prime Minister 8th working group on Labor Law reforms. All the current union federations and associations in Cambodia participate in ILO-WEP project with the exception of CITA and FTUWKC who both recently opt-out from participation formally.

¹²³ Its own synopsis of the Cambodian labor movement describes its current focus assisting unions in gaining "Most Representative Status (MRS)" and assisting unions in achieving collective bargaining agreements.

regime is very sensitive to this. Some claim this balance to have turned out negative for the labor movement.¹²⁴

Another core tripartite institution is the Arbitration Council (see below).

There is only a limited number of CBAs in the country, near exclusively in the garment and the hotel sector. Many of these largely restate provisions already guaranteed by the labor law. Some in the movement therefore do not attach great importance to such CBAs – or even refuse to conclude any (FTUWKC) – a position we do not understand. This certainly indicates the need for further professionalization of the trade union movement. Obviously, support organizations like the Solidarity Center and ILO consider CBAs core to union work.

A bilateral mechanism that merits mention here is the government-private sector forum: see box 12 below.

Box 12: The Government-Private Sector Forum¹²⁵

“Cambodia’s Government-Private Sector Forum (G-PSF), launched by the Royal Government of Cambodia in 1999, is a mechanism for public-private sector consultation on investment climate issues ranging from long range policy to day-to-day operations. The G-PSF gives the private sector a reliable means of raising and resolving problems. The G-PSF also gives government a channel for getting private sector feedback on draft policies, laws and regulations. Twice a year, the G-PSF holds formal, nationally-televised meetings which bring together the Prime Minister, key cabinet ministers, and some 600 business leaders, government officials, journalists and development partners. Since these have the status of cabinet meetings, decisions made by the Prime Minister are binding.

Throughout the year, eight private sector Working Groups (WGs) meet regularly to identify and prioritize common problems, and negotiate solutions with government counterparts. These WGs concern: Banking and Finance; Tourism; Manufacturing and SMEs; Agriculture and Agribusiness; Export Processing and Trade Facilitation; Energy Infrastructure and Transport; Law, Tax and Governance; and Industrial Relations.

The International Finance Corporation (IFC) has been supporting a G-PSF Coordinating Bureau since 2002. IFC facilitates dialogue within and among the WGs and broadly between the government and the business community. IFC also conducts selected research to aid WGs in advocating for reform. Currently the WGs and government counterparts are negotiating solutions for more than 300 different problems. In an independent evaluation in 2007, the Forum received high marks for organizational effectiveness and impact on the reform process...

Since IFC’s involvement began in 2002, the dialog among all participants has matured and the private sector now shows sufficient capacity to directly engage their government counterparts. Therefore, over the next three years, IFC will work with key Cambodian business associations to develop their capacity to play a greater role in administering the G-PSF, commissioning research and undertaking advocacy”.

The labor movement has received (and still does) considerable support from ILO. However, ILO’s support doesn’t really compare to what the World Bank through the International Finance Corporation has done for the private sector. The Government-Private Sector forum offers business a level of government responsiveness that is way beyond anything civil society, including the labor movement, can expect. The responsiveness labor gets through ILO mechanisms is largely through the circuitous route of keeping buyers satisfied, not directly from government.

Labor does have an official representation in the forum (working group 8 on labor law reforms), but it’s position here is restricted to be around the table and express an opinion rather than being an equal partner¹²⁶.

¹²⁴ For an in-depth discussion: see Daniel Adler and Michael Woolcock (2009).

¹²⁵ World Bank (February 2009), p.103

2.B.2 *What is the situation of industrial (labor) relations in the country as a whole?*

The overall picture is as can be expected: relations are a reflection of conditions. Thus better relations in factories producing for export as opposed to those that do not, better conditions in larger factories as opposed to smaller ones, often sub-contractors, better conditions and relations in registered factories than those who are not even that.

2.B.3 *The role and common acting patterns of the relevant government (and associated) institutions.*

2.B.3.1 *The role of the ministry of labor and other concerned ministries, women's empowerment/gender ministry the judiciary and the policy with respect to labor issues.*

The core ministry is the Ministry of Labor. It houses a labor inspectorate and a department for dispute resolution, as well as the newly created National Social Security Fund. Labor law reform is obviously under its wings. However, the Cambodian government's practical workings are not necessarily along the lines of the mandates of its Ministries. Those mandates are often not well defined and overlapping, Ministries vary considerably in the actual influence they wield over policy and enforcement, and the Council of Ministers is much more powerful than any Ministry. Ministry power is directly related to the influence its Minister (sometimes the real power is with a secretary) wields within the CPP, and to the revenue generating potential of the Ministry. Labor is not a core Ministry. As the private sector deals with powerful Ministries and directly with the Prime Minister and his entourage, it has a huge advantage on the labor movement. The Ministry of Women's Affairs is weak without much influence. Civil courts are the last resort for individual labor disputes, the collective ones are dealt with by the Arbitration Council (see 2.B.3.2).

2.B.3.2 *Procedures in the case of labor related conflicts*

Conflicts can be individual or collective. Individual conflicts go to the court if the Ministry of Labor's dispute resolution department is not able to solve it. Collective disputes go the Arbitration Council. The procedure:

- They first go to the Ministry of Labor.
- If the Ministry cannot get the parties to agree, the case is forwarded to the Arbitration Council. The Council's decision can be binding – if the parties agree so in advance – or non-binding. Employers hardly ever choose binding in advance. They sometimes do not oppose decisions after they have been announced, and it then becomes binding because of 'no opposition'.
- However, often the employers do not accept decisions and then the only way out – apart from fighting it out in industrial action, is to start the whole procedure again.
- Another scenario is that parties negotiate an agreement when the AC's decision is not to the liking of one party.

Table 14 below shows the time limits for the varies steps in the dispute resolution procedure.

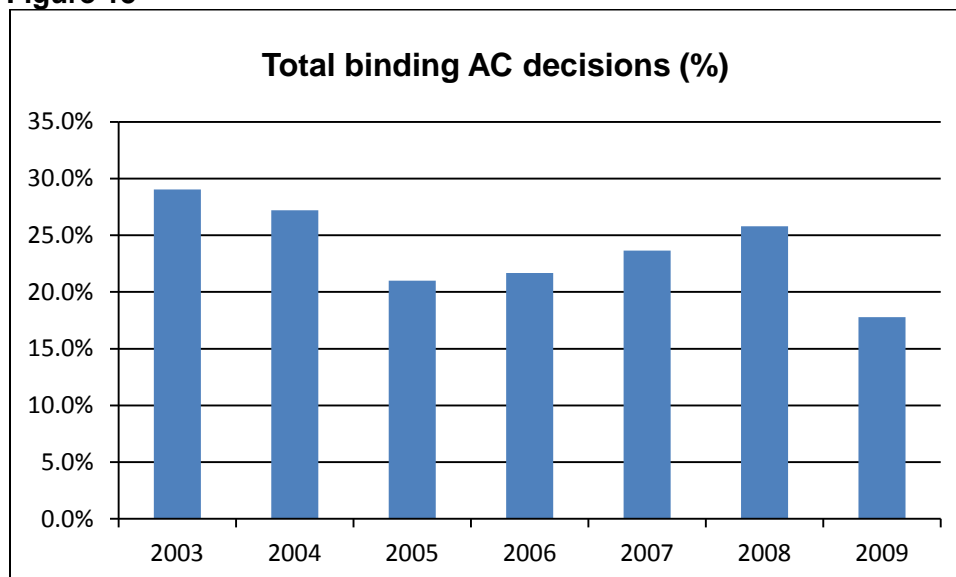
Table 14

¹²⁶ Comparable to civil society representation in the working groups created to coordinate government-donor dialogue

Maximum Time Limits		
Process	Interim Steps	Total
Conciliation	Collective dispute reported to labor Inspector (Art. 303) 48 hours	19 days
	Minister appoints conciliator (Art. 304) 15 days	
	Conciliation agreement/report (Art.305) 48 hours	
	Report sent to Minister (Art. 308)	
	Referral to Arbitration Council	3 days
Arbitration	Appointment of Arbitration Panel (Art. 310) 3 days	15 days
	Arbitration Panel meets (Art. 310)	
	Decision by Arbitration Panel (Art. 313) Immediate	
	Notification of Minister Immediate	
	Notification of parties	
Opposition	Parties have opportunity to lodge opposition	8 days
		45 days

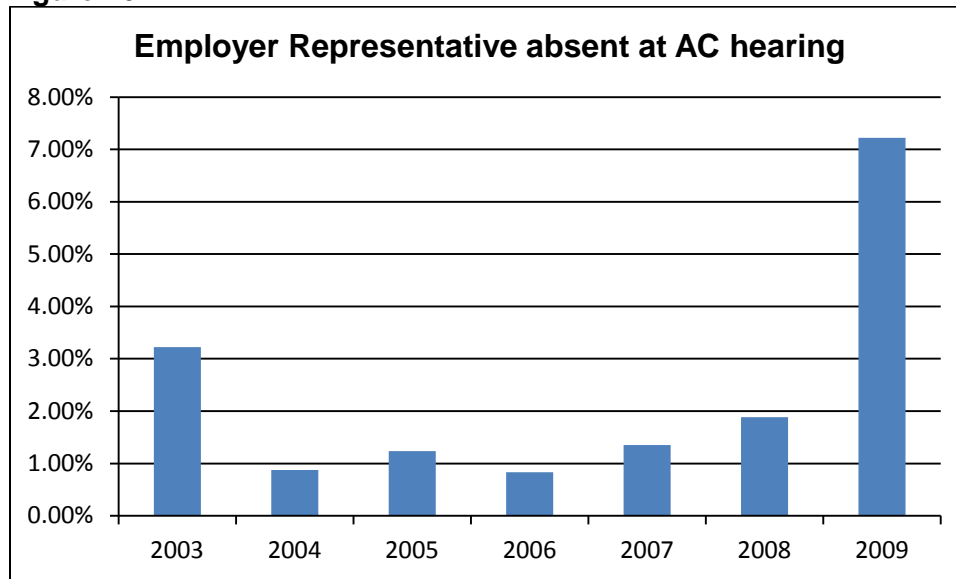
The (cumulative) success rate of the AC has been very stable over the years (it started in the spring of 2003): from 63% in 2003-2004 to more than 69% now. The definition of “success” is that the AC has either facilitated an agreement between the parties to settle the dispute (35.71% from May 2003 to 1st Q 2010); or issued an award which (even if it was a non-binding award that was opposed in a timely manner) has been fully or substantially (50%+) implemented to resolve the dispute (29.55%); or issued an award which (although it was opposed) has formed the basis for a post-award settlement between the parties and which resolves the dispute (4.10%). This is by all means an impressive record. However, trade unionist often express disenchantment with the Council claiming it allows employers to stall for way to long. They also allege that a decrease in the already very limited willingness of employers to accept binding decisions. Data from the AC confirm that suspicion (see figure 15)

Figure 15



Another complaint is that employers are increasingly absent from AC hearing, thus showing their disinterest . This observation is again borne out by data provided by the AC, see the figure 16 below.

Figure 16



Despite this one cannot see the AC as anything other than a unique institution. The non-binding nature of its decisions is problematic, but was a necessary ingredient in getting all parties to agree to create the Council. Now that it has established itself it should be strengthened and the movement should lobby for binding decisions, which is happening: ILO mediated negotiations between government, employers and unions are discussing inclusion of binding AC decisions in a possible garment sector wide CBA agreement. At the same time there are discussions within the labor movement about supporting the creation of a labor court, which in our assessment would be the total opposite direction of improving on the current situation.

The decisions of the AC are another potentially interesting data source for the labor movement to explore. What are the conflicts about, how does the Council decide, which decisions are accepted, which not. Again, one may expect lots of interesting spice in the detail. One to check would e.g. be the time cases take from the start to any conclusion. Another, if over time, despite a constant AC success rate, employers have increasingly refused to accept the more important 50% of the decisions taken¹²⁷.

2.B.3.3 Labor inspection (size, quality, coverage, problems)

The labor inspectorate, within the Ministry of Labor, which has the right to enforce the labor law, is basically ineffective. It suffers from "... all of the deficiencies of the Cambodian public service sector. Capacity [is] limited and at approximately \$40 per month, official wages [are] well below what [is] required to support a family. In these circumstances, labor inspectors develop.. a reliance on informal payments from industry to support their livelihoods, and in the process, their credibility as neutral ... enforcers of the law was heavily undermined"¹²⁸.

The exporting sector of the Garment industry is covered by ILO's Better Factories Monitoring project. Box 13 below describes this project.

¹²⁷ We obviously have no shred of evidence for such a scenario. The point of making such a speculation here is only to illustrate that the data are in principle available but someone needs to ask the question and compile the data into a form that can be analyzed

¹²⁸ Daniel Adler & Michael Woolcock (2009), p.178; description confirmed by all our interviewees.

Box 13: ILO Better Factories Monitoring Project (BFC) ¹²⁹

BFC monitors and reports on working conditions in Cambodian garment factories according to national and international standards, helps factories to improve working conditions and productivity, and works with the Government and international buyers to ensure a rigorous and transparent cycle of improvement. The project grew out of a trade agreement between the United States and Cambodia. Under the agreement the US promised Cambodia better access to US markets in exchange for improved working conditions in the garment sector. The ILO project was established in 2001 to help the sector make and maintain these improvements.

Better Factories Cambodia is managed by the International Labor Organization and supported by the Royal Government of Cambodia, the Garment Manufacturers' Association in Cambodia (GMAC) and unions. *Better Factories Cambodia* works closely with other stakeholders including international buyers. It is funded by the US Department of Labor, United States Agency for International Development (USAID), Agence Francaise de Developpement, the Garment Manufacturers' Association in Cambodia, the Royal Government of Cambodia and international buyers.

Better Factories Cambodia runs a programme of unannounced factory visits to check on working conditions. The monitors' checklist, based on Cambodian labor law and the standards of the ILO, and endorsed by the government as well as by employers and unions involved in the garment industry, runs to near 500 items. To ensure accuracy, workers and management are interviewed separately and confidentially. Interviews with workers usually take place away from the factory. Monitors also talk with factory shop stewards and union leaders.

The project's monitoring has been successful in facilitating improvement of working conditions over time. Figure 17 below documents this. For some time already ILO wants to localize this project and is on a trajectory to register it as a Cambodian organization. BFC is also transforming itself into a Better Work¹³⁰ Cambodia program, adopting new, less detailed guidelines for monitoring. BF was Cambodia specific and its success spurred the global BW program. The loss of detail is unfortunate because the devil often is in the detail. Localization, in combination with the use of less detailed guidelines implies risks of the program losing its bite. This comes on top of anecdotal evidence that despite its strict procedures BFC not always manages to detect labor law violations. This is a reason for the WRC to do independent monitoring (however to a very limited extent) and also CLEC has plans for its own monitoring program. We consider it unfortunate that these initiatives do not try to collaborate with BFC to strengthen. One crucial element that BFC does not include is independent spot checks on the thoroughness of its data gathering teams. By linking up initiatives like those of WRC and CLEC could play that role. As with the AC, BFC cannot be considered anything but exceptional. It would make sense for the labor movement to treasure this resource, exploit it to its maximum extent, and support/strengthen it rather than devalue it.

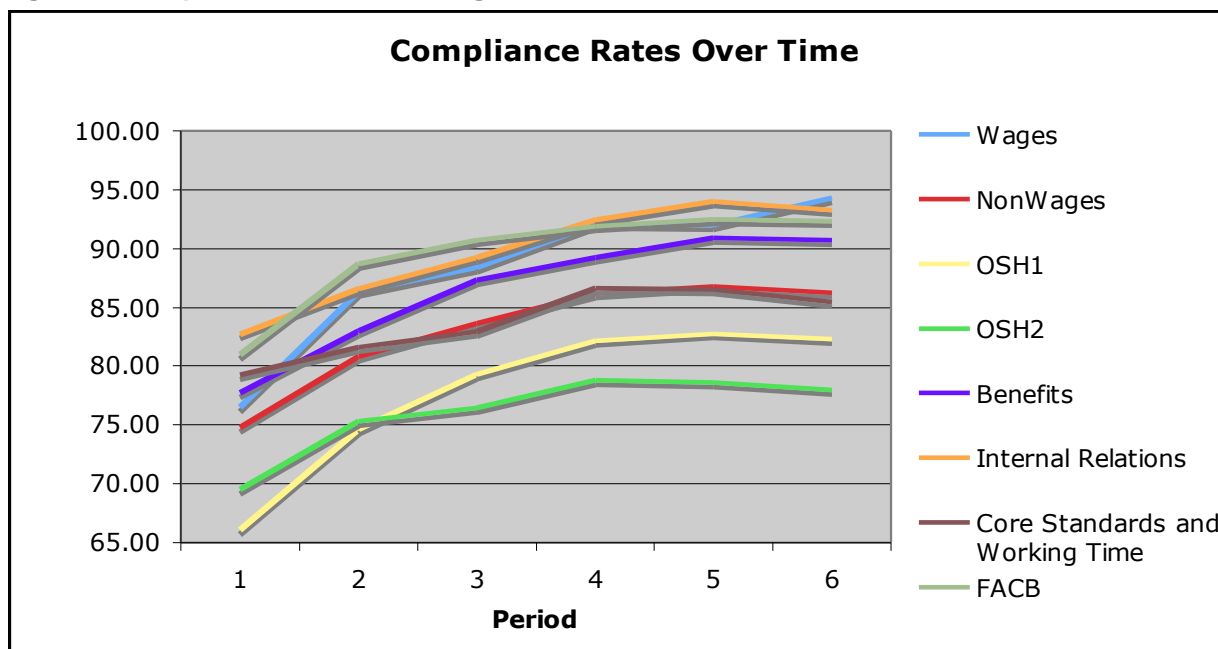
The BFC data are quarterly published but hardly ever used for investigating shop floor realities beyond the fixed formats used in the standard reports. Figure 17 below is extracted from a power point presentation on a study that worked with the raw data – according to the project manager an exception. This is a shame because it is an extremely rich source of information. The only other example that we have come across of use of these data, illustrates this by using data from April 2001 to October 2006 to show "...a marked increase in the number of factories cited for anti-union discrimination and other freedom of association issues starting mid-2004"¹³¹, a corroboration of the anecdotal reporting by union activists of increased anti union activities after the disappearance of further compliance related increases in market access after July 2004 (because of the end of the Multi Fiber Accord).

¹²⁹ <http://www.betterfactories.org/ILO/aboutBFC.aspx?z=2&c=1> (accessed 01-08-2010)

¹³⁰ <http://www.betterwork.org/EN/Pages/index.aspx>

¹³¹ Daniel Adler & Michael Woolcock (2009), p.174

Figure 17: Improvement of working conditions in BFC monitored factories¹³²



Notes: Compliance rates shown are means across firms by period. Periods are defined as follows.
 Pd1: 06/2001-10/2002 Pd2: 12/2005-07/2006 Pd3: 08/2006-01/2007
 Pd4: 02/2007-07/2007 Pd5: 08/2007-12/2007 Pd6: 01/2008-07/2008

2.B.4 How are employers organised (sector, national, local?) and how is the cooperation with trade unions?

There are basically only two powerful business associations, multi-sectoral CAMFEBA¹³³ and (one of its members) garment sector association GMAC¹³⁴. GMAC is a very well organized and powerful association of garment exporters that calls the de facto shots in CAMFEBA too¹³⁵. Understanding GMAC effectiveness is thus of interest but it is a story not easy to summarize and best told comparing the situation regarding garments with that in some other sectors, as is done in box 14 below.

The unity of the employers' front versus the disunity within the trade union world substantially weakens labor's bargaining power.

¹³² Raymond Robertson (2009) Assessing the Impact of Better Factories Cambodia. Power point side

¹³³ <http://www.camfeba.com/>

¹³⁴ <http://www.gmac-cambodia.org/>

¹³⁵ The consensus opinion among many of our informants

Box 14: A Tale of Three Sectors¹³⁶

“Garments, rice, and livestock are three sectors that have considerable promise in Cambodia. Yet, one is vibrant (garments); one might be emerging (rice); and one is stunted (livestock). Comparing these three sectors highlights the importance of governance for growth and illustrates how governance can improve and support growth in some sectors but not others. This helps explain the paradox of double-digit growth with relatively poor governance.

Evidence suggests that two factors may help explain garment’s success: (a) the presence of a private sector organization - the Garment Manufacturers Association of Cambodia (GMAC) - which produced collective action to lobby authorities for negotiated industry-wide rent-seeking rates and (b) international drivers/incentives such as an overwhelmingly foreign presence in garments (more than 95 percent of garment factories are foreign owned) along with quota exports to the United States linked with minimum labor standards that produced enough rents for all parties involved. The GMAC - Ministry of Commerce relationship is exceptional¹³⁷. Establishing a garment sector in Cambodia proved a win-win proposition both for foreign investors and local stakeholders.

By contrast, the rice and livestock sectors compare unfavorably to garments, even if not encumbered by price or trade restrictions. No credible private sector organization for collective action exists in either sector, although rice has competing rice milling associations whose membership is diffuse both geographically and politically. Livestock does not enjoy even that modicum of organization, in part because of a lack of social capital, which was destroyed during the Khmer Rouge period. Indeed, even the word cooperative/collective is frowned upon for its socialist roots. Moreover, in both rice and livestock, foreign involvement is minimal compared to garments. Livestock had foreign involvement in the export of cattle through a joint venture with a Malaysian partner, but that partnership ended in 2005, allegedly because of onerous unofficial payments. Rice may have an opening in exports to the European Union through its zero tariff for Least Developed Countries initiative “Everything But Arms”. However, this will require stringent Sanitary and Phytosanitary Standards to be met.

In summary, differences across these sectors include the involvement of international players, the creation of new opportunities (as opposed to the division or displacement of pre-existing rents), and the generation of social capital to fight long ingrained patron-client networks. Some of these differences were driven by the nature of the markets (in terms of profit margins for instance).

“Good enough governance” itself is not a permanent condition; it can go either way, and the key to policy is tipping it in the right direction. Potential factors for promoting growth include tackling the constraints observed in each of the sectors that reach far beyond those sectors alone. Of course, there are too many constraints for each to be binding per se. Garments, rice, and livestock all require transportation and electricity and face similar unofficial payments. However, garments clearly has achieved good enough governance through collective action and negotiation, while livestock has hardly developed beyond smuggling activities. Rice could enjoy good enough governance in the future, as higher prices create higher rents.”

2.B.5 *How are trade unions organised (national, regional, sectoral, coverage of each confederation (number and sectors, region), political alliance/independent. What is the main focus of relevant confederations.*

See tables 10 and 11. At the federation level, CLC perceives 80-90% of those that are not part of their independent confederation or member of the SRP affiliated CCU to be CPP affiliated.

2.B.6 *Analysis of the violation of trade union rights (are trade union leaders oppressed, or even worse)*

See section 2.A.1.2.

¹³⁶ Stephane Guimbert (2008), p.13

¹³⁷ “Coordination within Government (which is often challenging given its fragmented nature) was ensured through the dialog being monopolized by the Ministry of Commerce”. Stephane Guimbert (2008), p.12

2.B.7 *Analysis of the inter-trade union structures in the countries (confederal/sectoral level/ the unions that are part of this structure).*

See also section 2.A.2.3. A major issue according to various of our informants – including the factory level activists we met for a focus group discussion – is the disconnect between union members and leadership. We have discussed this explicitly with CLC who recognize the problem.

3A.INFORMAL ECONOMY

FACTS

3. A.1 Political (legislation)

3. A.1.1 *Analysis and appraisal of the coverage of the informal worker under the present labor legislation (compared to the ILO conventions) and the opportunities and threats for workers and trade union organisations fighting for protection of labor rights for informal workers.*

Box 15 describes the basics of the coverage of the Cambodian informal worker under the present labor legislation: she is not covered.

Box 15: The labor law and the informal economy¹³⁸

“The most important aspect of Cambodia’s Labor Law regarding the informal economy is employment contracts. Specifically, Articles 2 and 3 define terms of employment contracts as an agreement in which one person (the employee) agrees to work for wages for another person or company (the employer). These contracts can be written or oral... [T]he Cambodian Labor Law only provides for the protection of workers and employers having employer-employee relationships. This means that many occupations are excluded from the Cambodian labor legislation, such as self-employed workers (absence of employer-employee relationships), unpaid family workers (absence of remuneration), and some home workers or outsourced workers (without clear employer-employee relationships). According to Article 1 of the Labor Law, the following are explicitly excluded:

- Judges of the Judiciary.
- Persons appointed to a permanent post in the public service.
- Personnel of the Police, the Army, the Military Police, who are governed by a separate statute.
- Personnel serving in the air and maritime transportation, who are governed by a special legislation. These workers are entitled to apply the provisions on freedom of union under this law.
- Domestic workers or household servants, unless otherwise expressly specified under this law. These domestic workers or household servants are entitled to apply the provisions on freedom of union under this law”.

3. A.1.2 *Analysis and appraisal of the coverage of the informal workers with the implementation of the present labor legislation and the opportunities and threats for workers and trade unions fighting for protection of labor rights.*

No legal coverage regarding labor rights does not mean nothing can be done. The labor movement has circumvented the issues regarding the impossibility to register unions with the ministry of Labor by registering associations with the Ministry of interior. And these associations (can) become formal members of confederations (E.g. IDEA and FADP with CLC).

3. A.1.3 *Analysis and appraisal of the gender sensitivity of the present labor legislation and the implementation of the legislation regarding informal workers.*

See box 9 above for a general assessment

3. A.1.4 *A national policy (document) regarding informal economy (at sector or inter-sector levels).*

Nothing specific exists.

¹³⁸ AMRC (2008)

3. A.2 Economic

3.A.2.1 *The labor market and its segmentation in relevant informal economy (by sectors such as construction and transport, food and textile, industry, services and commerce, and agriculture and agro-industry.*

Section 2.A.2.1 covers the structure of both the formal and the informal economy.

3.A.2.2 *Detailed gender analysis of the segments of the economically active population in the informal economy.*

See section 2.A.2.1

3.A.2.3 *The representativeness of the significant labor organisations in terms of ‘coverage’ of the economically active population in the informal economy at the national, regional and sectoral level. How representative is the national, regional and sectoral labor movement in the formal sector? An overview has to be given of the different national trade union organisations (including partner CNV) and their respective coverage.*

If one takes IDEA and FADP as representing the coverage of workers in the informal economy within CLC, not even 6% of CLC’s paying membership works in the informal economy. As apart from these two associations there is hardly anything else (non-affiliated association CAID...) that self-defines as being part of the labor movement, the overall proportion of informal workers within trade unions is negligible. As the vast majority of workers in informal labor organizations do not represent the economically active population in the informal economy.

3.A.2.4 *The coverage of the existing labor protection, social security and public health provisions, the possibilities of access to professional training, the pension system, specific provisions in the case of labor accidents and death, unemployment provisions for workers in the informal economy (by gender). An appraisal of the quality of the social security system and the pension funds. Gender analysis of the system/data.*

Nothing for the informal sector. We quote Hossein Jalilian and Glenda Reyes from the Cambodia Development Resource Institute (March 2009, p.42) on how this should be interpreted: “There is currently no comprehensive social safety net system in Cambodia even though social protection has been made a core part of the government’s development plans. Social interventions have so far been fragmented, uncoordinated, limited, episode-driven, donor-specific and unsustainable...The significance of dealing with the weaknesses of current social safety net provisions cannot be emphasised enough, because a sizeable number of Cambodians are exposed to poverty-related risks such as landlessness, food insecurity and illness. The global crisis has been an eye-opener to how imported shocks can bear heavily upon vulnerable people in open economies”.

3.A.2.5 *The specific regional and sectoral differences in (income) poverty and the articulation within the informal economy.*

See table 6.

3.A.2.6 *A vision on the poverty problem per region and sector in the informal economy. For instance: Is the poverty problem more serious in the rural areas or in the urban agglomerations in the informal economy? Where are the poverty pockets to be found in the informal economy?*

See section 2.A.2.1

3.A.3 Social cultural

3.A.3.1 *Relationship between informal economy enterprises (individual and collective), families and kinship.*

Obviously, with 85% of the economy being not formalized, the diversity in this part of Cambodia’s society is enormous. Many work in family enterprises, recruitment very often includes a (strong) element of patronage – also in the formal sector – but making any generic statements about this reality is impossible. In a society without anything even remotely looking like comprehensive social protection (see above), any non-contractual relationship aspects

accompanying the employee-employer relationship can have positive and negative aspects, all depending on individuals involved, and circumstances. Serious exploitation, as well as the provision of an informal social safety net can be part of it.

ACTORS

(i) The existing networks of the partner organisation and their initiatives regarding the informal economy: with similar popular organisations, with relevant NGOs and CBO's (community based) and faith based organisations, with relevant study centres, training centre, the international labor movement, etc

CLC has two member association that work with informal sector workers IDEA and FADP; both have limited membership. However, IDEA is strong in one specific sector of the informal economy of Phnom Penh: motor taxis, and is generally seen as a very innovative and activist organization, e.g. highly regarded in the Human Rights world. Farmers Association FADP is obviously very small. We were told that they consider investigating plantation labor and possibilities to start organizing in that sector. The fact that they even consider this is a very positive sign.

(ii) The organisations and their initiatives in the informal economy (outside the network of the partner organisation); NGO's, CBO's, faith based organisations etc.

As most of the economy is informal, and many NGOs work with community development and community organizing programs, often with credit facilities, there is a big number of organizations. Our suggestions for possible organizations to connect with: see chapter 4.

(iii) The most relevant actors that could facilitate these actors in improving their quality of work (training institute, gender institutes, research institutes, consultancy, accounting etc).

Good community organizing is a core skill for working in the informal sector. One would hope and expect that this would differentiate union activists from NGO workers. Although good community organizers exist in the NGO world, service deliverers dominate. For unions, the attractiveness of connecting with NGOs active in the informal sector lies in NGO expertise in credit schemes etc. For the NGOs the pay back of such linkages is being introduced to the way 'activists' are used to interact with workers as opposed to their 'staff' way of dealing with clients/beneficiaries.

(iv) Identification of the service delivery organisations for the informal economy (credit facilities) and their initiatives.

See chapter 4.

3B. GENDER EQUALITY

FACTS

3.B.1 *Analysis of gender equality regulation within the labor legislation*

See section 2.A.1.3.

3.B.2 *Analysis of the gender gaps within labor legislation (future action).*

See section 2.A.1.3.

3.B.3 *Analysis on the gender inequality gaps in the implementation of this labor legislation.*

See section 2.A.1.3.

3.B.4 *Analysis of violation of the ILO gender equality conventions (ratification/implementation)*

See section 2.A.1.3

The 2008 Gender assessment supports the analysis in this section. One of the key issues identified by the CEDAW committee was that "...there is no specific definition of the nature and

form of discrimination against women in Cambodian law which prohibits both direct and indirect discrimination”¹³⁹.

3.B.5 *Analysis of the potential to organise women workers (focus for trade union) and are they covered by the trade union movement. An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.*
See also 3.B.10.

Organizing women does not seem to be a specific problem in Cambodia. The trade union movement emerged from the garment sector which has a 80%+ female work force. Trade union leaders have thus grown up in an environment where membership was largely female.

3.B.6 *Data on gender inequality and specific gender problems (also in terms of the legal situation).*

The Ministry of Women’s Affairs 2008 gender assessment lists traditional gender attitudes and relations continuing to be reflected in contemporary attitudes and practices as a key concern¹⁴⁰:

- Parents continue to value investment in boy’s education over girls
- Men have a greater say in decision making, in particular over more valuable assets such as land
- Women’s domestic role is undervalued in practice, and constrains participation in economic, social and political life
- Women’s important economic role does not always translate into greater empowerment and decision making

The assessment also notes that despite greater gender awareness of women’s rights discrimination remains entrenched in practice; and that much more attention is to be paid to male attitudes and behaviour.

3.B.7 *Analysis of the situation of violence against women at the work floor (sexual harassment). Are there (labor) laws protecting this issue (what is quality)? If they are there, are they implemented?*

According to the 2008 gender assessment and our informants, the legal framework to address violence against women has been greatly improved over the last couple of years with decade with the Law on the Prevention of Domestic Violence and Protection of Victims and the Law on Suppression of Trafficking in Humans and Sexual Exploitation, which is consistent with the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children. This is not to say that nothing can be improved as the 2007 overview of NGO network Cambodian Committee of Women of legal discrimination¹⁴¹ shows, but, as with other legislation the major problem is enforcement (along the lines of the intentions of the law). Violence against women remains widely prevalent with indications of increasing rape. Effective implementation of the available laws and addressing stigmatization of the victims remain considerable challenges.

3.B.8 *Analysis and analyses of the situation of women participating in the economy (see also formal and informal economy)?*

See section 1.3.A; 1.3.C; 1.3.D; 2.A.2.2

¹³⁹ Ministry of Women’s Affairs (2008), p.vi

¹⁴⁰ Ministry of Women’s Affairs (2008), p.v

¹⁴¹ CAMBOW (November 2007)

3.B.9 *What are the vulnerable sectors where mainly women are working (in general and with special attention to domestic work (ILO convention coming up), informal economy, EPZ)? Are these workers protected by labor legislation? Analyses of why these workers are vulnerable (the violation of workers rights (considering ILO conventions))? Are these vulnerable sectors covered by the trade unions? An overview has to be given of the different national trade union organisations (including partner CNV) and their respective coverage.*
See section 2.A.2.2

3.B.10 *Analysis of the participation of women (compared to men) within trade union movement (membership, decision making). If possible, an overview of the different national trade union organisations (including partner CNV)*

Data were made available by CLC – and even that took time because such information was not readily available. Getting this overview for the whole trade union movement is thus something that was beyond the possibilities of this study, but for the sectors that the CLC federations are active in, one may assume that their female/male proportions of membership and leadership reflect those of the other unions active in the same sectors. Especially in the garment sector, gender disparity is evident.

Table 15: Summary overview of membership and leadership of CLC and its members

	88 unions	7 Federations	Confederation
F female membership	80%	80%	80%
F female leadership	40%	17%	0
F female Vice-Presidents	34%	0%	0
F female Presidents	30%	14%	0

Table 16: Detailed overview of membership and leadership of CLC and its members

	C.CAWDU	CTSWF	CICA	CFSWF	IDEA	FAPD	BWTUC
# of unions	39	17	3	5	4	19	1
Total paying members	12,950	463	650	2,579	340	397	838
F paying membership	90%	25%	11%	587%	60%	56%	No data
F federation presidents	0	0	0	0	0	1	0
F union leadership	49%	24%	13%	67%	0%	33%	0%
F union presidents	33%	24%	0%	60%	0%	32%	0%

ACTORS

(i) The existing networks and their initiatives of the partner organisation regarding organisations focussing on gender equality (in general and related to vulnerable groups): with similar popular organisations, with relevant NGO's, CBO's (Community Based Organisations) and women's organisation, with relevant study centres, training centre, the international labor movement, etc. What are their strategies and interventions?

We did not come across anything substantial regarding explicit initiatives to focus on gender equality and/or mainstream gender. CLC's board has a Women's representative (the only female member of a nine member board). Solidarity Center has an initiative of bringing together women trade unionist (the Cambodian Women Movement Organization), conceptualized as a labor movement 'caucus' representing women's interests, but CLC did not show great enthusiasm for this idea.

(ii) The existing organisations and their initiatives, outside the network of partner organisation, working on gender equality: NGO's, CBO's, study centre, training centre, the international labor movement etc.

(iii) Organisations and networks and their strategies that are involved on the issue of violence against women (labor related and general).

(iv) Organisations and networks and their strategies that are involved in the vulnerable sectors women are working.

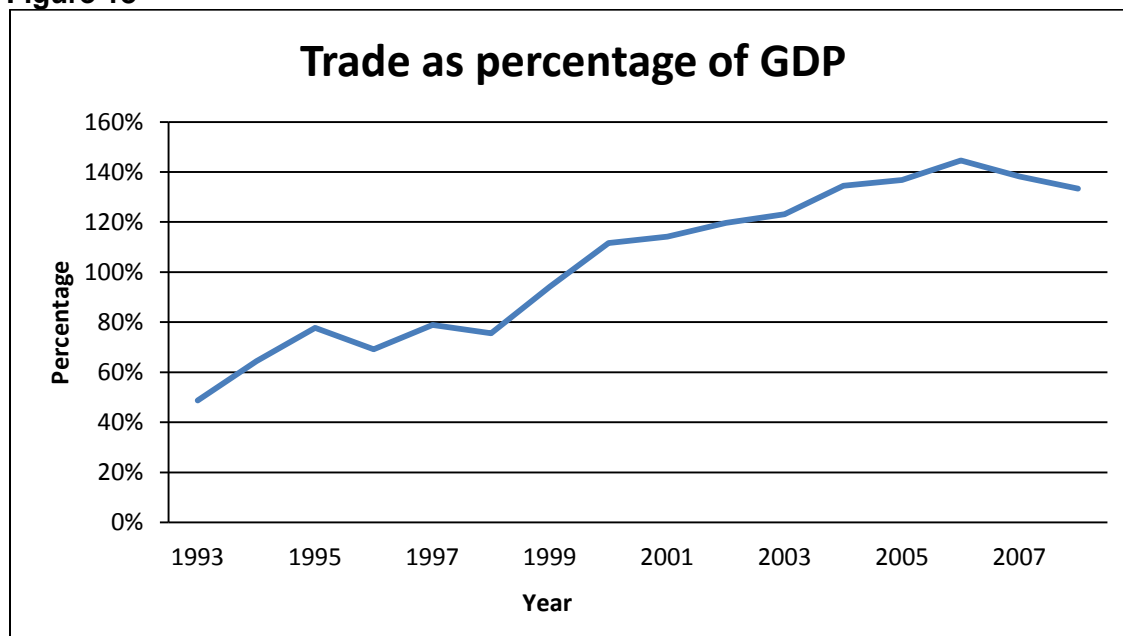
As a donor dependent country with nearly two decades of intensive western agenda setting, gender is certainly not a new focus. The Ministry of Women's Affairs, in charge of gender mainstreaming and addressing violence against women, has little political clout but reasonably good laws have been developed and adopted (3.B.7) and there is a five year strategic plan (2009-2013) for mainstreaming gender across government, including the Ministry of Labor. The Cambodian NGO world has many organizations and several networks working on gender. There is in short no dearth on actors in the gender field, but like anywhere else in the world, really changing entrenched attitudes and practices is a different thing. Given the gender profile of the trade union movement, if there is a chance of some real change, this is certainly one of the most promising loci. However, with so many young female activists in their own ranks, we would assume that real change has more chance of emerging from the inside out than from more training etc. by outside gender actors.

3C. FAIR GLOBALIZATION

According to a recent World Bank report the two most accepted definitions of globalization in economic terms are openness to trade and FDI.

Openness in trade has certainly increased over the last decade. Figure 18 below shows that in no uncertain terms. Box 16 below describes the evolution of Cambodian trade policy which has opened up the economy. Close reading will reveal that the changes in the steepness of the graph can be related either policy changes like becoming a member of ASEAN (1999) or the WTO (2003) or to crises (1997 coup).

Figure 18¹⁴²



¹⁴² Compiled by Neou Seiha from National Account data

Box 16: Evolution of Cambodian Trade Policy¹⁴³

1980s

- Tightly controlled trading system: level and composition of trade determined through quantitative restrictions and state-owned trading bodies
- Embarked on liberalization in the late 1980s
 - abolished state monopoly of foreign trade
 - promulgated a foreign investment law, enabling private companies to engage in foreign trade

1990s

- Largely removed restrictions on the ability of firms and individuals to engage in international trade (1993)
- Eliminated all quantitative restrictions on trade (1994)
- Gained MFN status from the United States (1996); GSP status from the European Union (1997); MFN/GSP status from 28 countries (1999)
- Became a member of ASEAN in (1999)
- Committed to a gradual reduction in most tariff rates by 2010

2001

- Reduced maximum tariff rates from 120 percent to 35 percent and reduced the number of tariff bands from 12 to 4
- Lowered average unweighted tariff rates to 16.5 percent from 17.3 percent in 2000 and 18.4 percent in 1997
- Eliminated most nontariff trade barriers

2002

- Initiated a Triangle Economic Cooperation strategy between Cambodia, Vietnam, and Lao PDR, focusing on commerce, industry, public works and transportation, and tourism

2003

- Accession to WTO

FACTS

3.C.1 *Analysis of the sectors agriculture and textile that are producing for the international market (for example plantations, factories, EPZ's could have a link with products consumed in Europe (Netherlands).*

Of the sectors that are producing for the international markets only garments has a link with the Netherlands, as Cambodia produces for international brands, with a huge share of its production being for one brand: GAP.

3.C.2 *Are these sectors covered by the trade union movement? An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.*

The core sector of the Trade union movement is the garment sector. For coverage: see 2.A.2.3.

3.C.3 *Analysis of the main labor problems in these sectors and if they are covered by labor legislation (this in relation to the decent work agenda: labor rights, social protection, social dialogue, employment).*

See description of labor problems in the formal economy (2.A.1.2)

3.C.4 *Analysis of wage levels and if this means a living wage in the given context of the country (region)*

See table 6.

3.C.5 *Analysis of type of work relations mainly used (Fixed contracts, flexible contracts, sub-contracting, day laborers etc.)*

See section 2.A.2.7.

¹⁴³ Robertson et al. (2009), p.100

3.C.6 Analysis of the sectors that are producing for export.
Garments is very dominant (see table 17 below).

Table 17¹⁴⁴

Merchandise Trade in Cambodia, 1998–2009					
Indicator	1996	1998	2003	2006	2009
Total goods exports (US\$ million)	510	802	2,087	3,693	4,221
Share of textiles and garment (%)	20	47	78	74	59
Share of agriculture (%)	36	36	15	18	25
Share of re-export (%)	44	15	6	4	7
Total goods imports (US\$ million)	1,054	1,166	2,668	4,771	5,448
Share of garment-related material (%)	-	17	30	27	20
Share of petroleum (%)	-	29	16	24	32
Share of import for re-export (%)	-	8	3	3	4

3.C.7 Analysis of the main natural resources for export.

None of these have a relationship to the Dutch market; Cambodia is starting to produce biological rice, targeting the German market, but quantities are small for the time being. This might increase in the future. The combination of an increase of value added in-country through e.g. rice milling and the production of more bio-products that have a market in Europe might change the picture. Obviously, the materialization of a plantation economy scenario will certainly change the picture.

3.C.8 Analysis of the status and impact of the Central American common market association agreement with the EU.

Not Applicable

3.C.9 Analysis of the EPZ's (seize, type products, labor situation/problems, legislation coverage etc.) and are these zones covered by the trade union movement?

Cambodia has a policy regarding EPZ already for a long time but none of the zones has really taken off. One zone near the Vietnamese border has some Vietnamese factories with a presence of a CPP related union. Independent union assessment of their ability to enter such zones is very clear: they feel they cannot.

ACTORS

(i) Are there initiatives/alliances/network regarding corporate social responsibility in specific sectors (for example soya in Paraguay, wood in Indonesia and Cameroon, Cacao in Ghana, thee in Sri Lanka). (IDH)

None

(ii) Analyses of the actors and their initiatives regarding the common market association agreement with the EU in respective countries (Central America and Andes).

Not Applicable

¹⁴⁴ Compiled by Neou Seiha on the basis of national Bank data

(iii)The Dutch companies present in the country (what are they producing/investing/buying)
The two major companies with presence would be TNT and Heineken. Heineken¹⁴⁵ works with beer promotion girls¹⁴⁶, one of the sectors of the informal economy that have received NGO attention to work conditions and ongoing pressure on the international companies involved to honor codes of conducts signed. CLC federation IDEA is active in this sector. It is a sector that also has NGO involvement, most visible Siem Riep based NGO SiRCHESI, with quite a record of international advocacy and lobby work with companies.

(iv)Analysis of the social infrastructure/branch organisations/employers organisations/business initiatives (related to agriculture and textile).

See section 2.B.4

4.A Overall opportunities and threats

Opportunity 1: The labor movement grew out of a garment worker movement, is still largely a garment workers movement, and despite all problems is well entrenched in this sector and has managed to professionalize to some extent. The garment sectors growth and the labor movement's growth have gone hand in hand and contributed to each other. The professionalization of the labor movement has only started and being rooted in a sector that offers development opportunities for effective trade unionism is as good a situation as it gets to further professionalize. Current leadership in the major real unions have emerged from garment shop floors, know the industry, its stakeholders and its issues, and are thus well placed to strategize for the future. In other words there is no better incubator and laboratory in Cambodia for labor movement development than the garment sector.

Opportunity 2: Professionalization includes the emergence of a small, but growing, dedicated home grown labor movement cadre, both at the top of the union structure, and in support organizations. They are able to productively and on their own terms engage with other stakeholders, nationally and internationally.

Opportunity 3: The labor movement rightly sees itself as the largest civil society "organization" of the country. It still largely operates within the confines of the labor relations universe. However, there is certainly truth to the opinion that labor union leaders taking up broader civil society leadership responsibilities is going to be a prerequisite for a more equitable and democratic future of Cambodia. Hun Sen seems to agree that the labor movement is crucial to the future of the country: during the May day celebration of CPP related unions he said that the future leadership of the country will come from the ranks of the unions and not from the ranks of the party¹⁴⁷. This membership movement is unique in the Cambodian context. Efforts to facilitate the emergence of similar movements in other sectors have so far proven much less successful to say the least.

Opportunity 4: Branching out into the hotel/casino, airports and (to some extent) restaurant, transport and construction sectors is promising, and the movement's ability to apply the mechanisms that were designed to regulate labor relations in the garment sector (like the Arbitration Council in case of labor disputes in the Hotel and casino sectors) to their advantage shows that the incubator works. Scope exists for increasing coverage in these sectors and in taking up issues like minimum wage.

Opportunity 5: The garment sector is 80%+ female. This is not properly reflected in the union structure (as indicated by C.CAWDU figures). However, the current gender distribution within the structure does show that at union level there is potential with 40% female leadership. Also, there are some straight forward gender related issues that the labor movement can take up

¹⁴⁵ Bavaria is organizationally present but is being marketed by a Cambodian distributor

¹⁴⁶ See e.g. <http://www.beergirls.org/> and <http://www.fairtradebeer.com/>

¹⁴⁷ Interview Alonzo Suson

without leaving its existing comfort zone: paid maternity leave and effective complaints processes and penalties regarding sexual harassment.

Opportunity 6: The existence of some sectors that currently lack coverage (by real unions), the bottling industry, food processing, Sihanoukville port, banking, insurance, telecom, health sector, plantations, but have potential to be organized using existing strategies that work for the already unionized sectors¹⁴⁸. In some of these, 'other' unions have a presence (food processing, some rubber/tobacco plantations).

Opportunity 7: The huge majority of the working population is not organized. The labor movement has made only small inroads into the informal sector. NGOs have made some inroads too and there is no connection between the union efforts and the NGO efforts at organizing informal labor. As organizing informal workers requires different approaches, establishing these connections constitutes a big opportunity for the unions to learn from the approaches used by NGOs. Often – but not always - credit lies at the core of association formation by NGOs. An example of immediate interest would be the CEDAC/Farmers Nature Network. By June, 2009, this network linked 1,107 village based farmer associations in 11 provinces of Cambodia with around 40,292 members (23,591 of them women)¹⁴⁹. Fisheries is another sector with association formation, coordinated by the Fisheries Action Coalition Team¹⁵⁰. Market vendors and traders – largely women – are another group that are targeted by some NGOs (and the ILO¹⁵¹).

Opportunity 8: At the level of individual trade union leaders there is contact with the human rights/legal aid/community organizing network around land issues. As others have also noted¹⁵², land issues are key to the emergence of a precarious and proletarianized population. However, trade unionism as in the formal sector is not feasible/relevant in this context. Grassroots activism using new and creative forms of organizing are required. The labor movement and these networks can support each other though in their respective struggles. The basic issue here is how the labor movement links up with the broader issues that determine the setting within which labor issues play out. Apart from land, labor migration is another of those issues that can only be addressed by cross-sectoral coalitions of activists.

Threat 1: The labor movement is under pressure in the garment sector. The explosion of the number of unions, quite a proportion of which pursue agendas that are different from (primarily) representing labor's interests, is bad for workers, proper unions, and often for factories too. We've heard many stories about the ways this splintered landscape works in practice at factory level, stories that make it evident that many different scenarios play out in different factories. Factory unions are obviously a clear cut case of actors that are negative for workers; mafia unions are bad for both employers and employees; CPP affiliated unions can be close to anywhere on the spectrum. The party's interests are not monolithic but range from waging vote banks – which may push the unions involved to satisfy workers' interests – and 'helping out' private sector that supports the CPP. On top of these institutional factors, unions, like parties, are vehicles for personal advancement too, and that factor, in a country like Cambodia where power takes an extremely personalized form, is also an important driver. The increasing tendency of the FTUWKC to go it alone worsens this threat.

¹⁴⁸ This list does not mention the NGO sector because it would require a separate analysis to determine the pros and cons of pursuing unionization of that sector.

¹⁴⁹ <http://www.fnn.org.kh/home.html> (accessed 25-05-2010)

¹⁵⁰ <http://www.fact.org.kh/>

¹⁵¹ Through its "promoting women's entrepreneurship development and gender equality" project; tellingly a project without any link to the Workers Education Project. But even only scanning one of its training manuals: managing small business associations (2007) can immediately see the potential for applying some of this to unionizing in the informal sector.

¹⁵² See e.g AMRC (2008)

Threat 2: the labor movement is as strong as its genuine grassroots support. The professionalization of the movement has resulted in many more local union leaders trained in the basics of trade unionism. But often this increased awareness and understanding does not trickle down to the workers. With the growth of the union structure and the move towards social dialogue mechanisms above factory level there is an increasing threat of a disconnect between union members and their leaders. The professionalization of the labor movement, a necessary and good development, at the same time contributes to this disconnect. Like in any other multi-tiered organizational structure development usually means moving up the ladder. At the top the movement does need exceptional leadership skills and all the better when these have been honed at the grassroots and then strengthened through further education/training and exposure. However, such skills are necessary at factory level too, and the rise through the ranks is thus also a brain drain.

Threat 3: Two big institutional innovations that were core ingredients in the success story of the growth of the Cambodian garment sector as well as the growth of its unions and their ability to be effective were the ILO's Better Factories Monitoring project and the Arbitration Council. Both can be considered to be essential parts of the current social dialogue building. Both are fully outside funded – an arrangement that is bound to stop sometime in the future – both are not perfect as their description in the relevant section above shows, and both thus draw criticism from within the labor movement. We came across two initiatives to independently monitor factories, and across serious debate about the desirability of a Labor Court – an institution that can easily be imagined to overtake the AC as the locus of dispute resolution. One very knowledgeable foreign informant who knows the AC well, described the institution to us as being by far the best organized, managed, and effective he has come across in his many years in the country. We feel that looking for alternatives by labor movement activists should be preceded by a serious No Harm assessment. Their expectations might be unrealistic and the possible scenarios for the alternatives way worse than the current situation.

Threat 4: The combination of increased pressure on the garment sector since the start of the financial crisis, a decreasing influence of western donors' rights discourse on an increasingly autocratic regime, and lots of understanding from the IFIs for government policies that prioritize the interests of economic growth over those of labor have changed the playing field from the historically unique situation that resulted in growth of both the industry and the labor movement and the accompanying institutional structures of tripartite dialogue, dispute resolution and factory monitoring. The movement will need to rely more on its own strength.

Threat 5: The private sector receives much more, and can afford to pay for much more research and policy development support than the labor movement. Basic information is scattered across different data producers, often not easy to access, often only available in processed form, not allowing the movement to ask its own questions and get answers in a timely fashion. As in any other arena, the better informed are advantaged.

Threat 6: To the extent that Cambodia's economic land concessions would be converted into industrial plantations, plantation labor will become an important sector for the trade union movement. However, as workers would often be imported from elsewhere, to work land that used to be owned and farmed or otherwise used by villagers in surrounding communities (who were pushed off that land) chances of a direct conflict exist between exploited plantation labor and exploited surrounding communities). For the labor movement to be able to deal with such situation, would need effective and trusted channels of dialogue and collective strategizing between the union activists involved and the activists of the affected communities and their support organizations. Such coordinated cross-sector collaboration – very early stages of which have been highlighted above as an opportunity – are not going to be easy, can be counted to be perceived as very 'political', and face considerable repression.

Threat 7: Money is a threat that cannot remain unmentioned. Cambodia's history of civil society formation, driven as it has been by outside concepts and outside funding has resulted in hardly any membership organizations, apart from unions. In combination with the pre-existing culture of hierarchy and patronage, the standards and expectations set by this imported civil society building has resulted in relationships between outside supporters and their local NGO 'beneficiaries', and between Cambodian NGOs and their local 'beneficiaries' that are often very unhealthy and disempowering. Social movements that grow in such contexts run serious risks of being affected. The history of the budding movement of activist networks around natural resource grabs¹⁵³ clearly show the strong tendency towards NGO-ization under the influence of NGO and donor funding and what comes with that in its slipstream. Many in the Cambodian labor movement are aware of the 'toxicity' of money. However, movements need money. The factory unions exist on membership contributions and get training etc. support from their federation and off and on an NGO; federations largely exist of donor money (as an example: less than 20% of C.CAWDU's budget is covered by contributions from its member unions). A confederation like CLC is for all practical purposes CLC fully externally funded. With outside funding comes outward directed accountability. It is very difficult to assume this is not a (major) factor in the mix of factors that makes for the increasing disconnect between workers and the union structure. Proposals that we have come across, to start paying factory level organizers an allowance to compensate for their inability to do overtime etc., make perfect sense but are very risky in pushing the influence of money even further down and our personal advice, given the (most probably small) sum of such allowances in comparison to 'alternative' offers¹⁵⁴, is to stay away from such strategies.

4.B Overall conclusions and recommendations¹⁵⁵

The labor movement in general and CLC in particular has limited resources. Planning for the immediate future thus requires making strategic choices. Not everything that could be done can be done.

The movement is strong but under pressure in the garment sector (O1,2 & T1), has a solid foothold in some other sectors of the formal economy (O4), and entry points in some informal sectors, the part of the economy that nevertheless employs the large majority of the Cambodian work force (O7). Where to concentrate resources?

Recommendation 1:

We would advice for the short term to concentrate on the sectors wherein the movement is well-established (O1,2,4) for the following reasons:

The movement seems to be a crucial junction in its development. The issues of a disconnect between workers and leadership (T2), and of external support (T4) and funding (T7), have to be taken very seriously if the movement is to remain a vibrant force of positive change in the Cambodian context. These issues go to the heart of its essence of being based on committed, informed and active membership (O3). The movement cannot risk the potential harm resulting from neglecting the emerging problems.

Safeguarding and renewing its base in the garment and the few other sectors of strength will require:

- Innovative strategies ensuring a strong grassroots' base (T2)
- Relying more on own strength (T4)/increasing own revenue (T7)

¹⁵³ Described by Henke (in press)

¹⁵⁴ The proposal is based on the reasoning that it is precisely to counter the attractiveness of company offers, or offers of rival unions for monthly 'retainers' that such a proposal makes sense.

¹⁵⁵ The connections between the opportunities and threats of the previous section and the recommendations in this section are established by linking each recommendation to the particular opportunity/ies and threat/s that they respond to (O = Opportunity, T = Threat)

- Applying a No Harm analysis to positioning regarding labor relations institutions like the Arbitration Council and The Better Factories Monitoring project (T3)

Recommendation 1.1:

Regarding the first, we would advise to explore a connection with the radical young female labor activist facilitators from Social Action for Change. How to do this is a matter that would need to be worked out by CLC/C.CAWDU and SAC and incompatible personalities might make this an unworkable suggestion but in our view such a connection could result in a laboratory for figuring out ways to deal with several issues at once:

- Their working model is aimed at workers rather than leaders
- It is based on a space that is open to members of different unions (and those not a member of any union at all). This opens up possibilities for trying to facilitate inter-union relationships at local level; unions and federations seem to split from the top (T1), why not try to create a counter force at the roots...
- They are an all female group and these girls are leaders by example as good as it gets. Obviously, the first thing that comes to mind when one looks at the gender disparities in the union structure (O5) is awareness raising (training). This would require enlisting possible training providers like GAD/C or VBNK. A very different approach would be to make the issue of the disparities an explicit part of the discussions with SAC and see what such a brainstorm would result in.
- The same reasoning would apply to how CLC/C.CAWDU should take up practical issues like paid maternity leave and effective complaints processes and penalties regarding sexual harassment. Developing strategies in close consultation with grassroots female leaders has a greater chance of not only resulting in positive outcomes but strengthening membership commitment at the same time.

Recommendation 1.2:

Regarding the second one (T7) two aspects come to mind: strengthening of independent analytic capacity of the labor movement (see recommendation 3) and funding. For funding one can both look at ways to increase paying membership and ways to raise fees. We have heard conflicting opinions of the extent to which either would be possible but the dominant opinion seems to be that both might be possible. Again, how exactly to go about it, would require closer intra-union brainstorming and discussions. The European labor movement has grown on the provision of a whole universe of cooperative services. Usually this is now linked to organizing labor in the informal sector but exploring possibilities for providing cooperative services (insurance, credit, ...) for workers in the formal sector too is bound to open up more avenues to increased own income of unions. It makes sense to link up with experiences of the NGO sector (O7) for cooperative service provision (see recommendation 2).

Recommendation 1.3

Major institutional innovations like the Arbitration Council and Better Factories Cambodia (basically a sector-specific labor inspection mechanism) should be appreciated for their positive contributions to good labor relations and working conditions. In an environment in which neither government nor business support to labor rights are a given, undermining functioning mechanisms like these because they are not perfect is a risky strategy. Labor movement efforts would be better aimed at improving their shortcomings than risking the loss of something good in trying to replace them by as yet untested 'better' alternatives.

Recommendation 2:

However, the advise to concentrate on the sectors of current strength, does not imply that opportunities to expand should be disregarded.

Recommendation 2.1:

Unionizing of informal workers in Cambodia is at its beginning but the experience of especially IDEA shows that it can be done successfully. Union work in the informal sector can profit from establishing links with FNN (and possibly FACT) to explore ways to learn from each others' experience, networks, and contacts. We do not expect this to be easy. NGO networks tend to be very risk averse. However, Rome wasn't build in a day either and it doesn't make sense for NGOs and unions to organize similar kinds workers and keep operating in parallel worlds. Obviously the suggestion to explore cooperative services in the above paragraph and the suggestion in this paragraph can be linked.

Recommendation 2.2:

In our observation what has contributed substantially to the success of IDEA is that it entered sectors based on pre-existing personal linkages of the union organizers. In other words, that the expansion into new sectors was opportunity-based, building upon existing resources, rather than following a theoretical planning approach. CLC's interest in the informal sector has grown on active outside involvement¹⁵⁶ and such starts are risky. The way CLC/IDEA pragmatically translated an analytic requirement (the need to find a foot hold in a new playing field) into action shows the strategic capabilities of its leadership. To the extent that similar opportunity-based possibilities materialize to enter any of the formal economy sectors as yet uncovered by real unions (O6), they are advised to make use of them. However, we would advise against a theoretical approach in which a plan determines that new sector X is to be entered at moment Y in time to extend union coverage within the formal economy.

Recommendation 3:

Several key informants suggested that the Cambodian labor movement, being very young needs home grown labor intellectuals to grow and become stronger. Their analysis is that the Cambodian movement lacks one of the traditional pillars supporting labor movements in other countries. There are unions and they have support organizations but the movement lacks the third traditional pillar: proper training/research/think tank support. We strongly support this suggestion. One immediate task that comes to mind to be assigned to such an institution (labelled a Cambodian Labor Research Centre in 2.A.2.1) would be to identify the relevant information that is already being collected by others and ensure it gets copies of the raw data, properly assesses them and uses them for analyses from a labor perspective (T5). Sources that come to mind would be the awards of the Arbitration Council, the Better factories reports, data on union membership etc. Another one would be to evaluate the data gathering potential of enlisting union activists to pass on information about employers, working conditions, union activities, and whatever other topic is deemed of relevance by its users. The labor movement constitutes a potentially very powerful data gathering infrastructure with near endless possibilities. Another strategic advantage for the labor movement of having such an intellectual hub would be the opportunities such a centre would offer for additional cross-sectoral linkages (i.e. additional to the individual purely action/event-based connections currently existing, O8). It would provide the movement with a platform to explore the analytic connections between land, labor, migration and other issues, and more institutionally link up with and/or support other forums, e.g. NGO Forum, and land activists networks. The labor movement's own strength would increase through such linkages as well as its broader social change potential (O3). These are just initial examples to illustrate possibilities. It would require a design exercise to come up with a more concrete suggestion.

¹⁵⁶ Interview Ath Thorn: CNV's informal economy analysis and planning support has been crucial to the creation of IDEA.

BIBLIOGRAPHY

Daniel Adler & Michael Woolcock (2009) Justice without the Rule of Law? The Challenge of Rights-Based Industrial Relations in Contemporary Cambodia. *Justice and Development Working Paper Series* volume 2 issue 2

AMRC (2008) *Asian Labor Law Review: Women Workers and the Informalisation of Labor in Asia*, Chapter on Cambodia: "The Informal Economy, Precarious Labor and Labor Law in Cambodia"

Ann Vireak, Moeun Tola, & Kry Malen (2006) *Collective bargaining in Cambodia*. CLEC/ILO-Japan Multi-Lateral Project

Anthony Bebbington, Sam Hickey and Diana Mitlin (2008) "Introduction," in Bebbington, Hickey and Mitlin, eds, *Can NGOs Make a Difference? The Challenge of Development Alternatives*. London: Zed Books

Dain Boswell (2004) *Cambodia Trade Union Survey*. ILO WEP

CAMBOW (November 2007) *Violence against women: how Cambodian laws discriminate against women*

CDRI (2009) *Situation analysis of youth in Cambodia*. Phnom Penh: United Nations Country Team

Center for Advanced Study (ed) (2009) *Ethnic Groups in Cambodia*. Phnom Penh: Center for Advanced Study.

Chan Sophal & Ngo Sothath (May 2010) *The Impact of the Economic Downturn on Households and Communities in Cambodia*. NGO Forum

Chhim, K (2000) *Die Revolutionäre Volkspartei Kampuchea 1979 bis 1989*, Frankfurt: Peter Lang.

Chhim, K. and Henke, R (December 2006) Donors, "Do No Harm", and the issue of justice in Cambodia. *Nias nytt, nr.3*

CLC (2009) *Annual report 2009*

CLEC (2009) *Legal consequences of fixed duration employment contract*

Council for Development of Cambodia (2006) *Report on Mapping Survey of NGO/Association Presence and Activity in Cambodia*, Phnom Penh: CDC-Natural Resources and Environment Programme and DANish International Development Assistance

David Craig and Pak Kimchoeun (in press) Party Financing of Local Investment Projects: Elite and Mass Patronage. In: Caroline Hughes & Keang Un. *Cambodia's Economic Transformation*. Copenhagen: NIAS Press

De Walque, D. (2004) *The Long-Term Legacy of the Khmer Rouge Period in Cambodia*. World Bank Policy Research Working Paper 3446

EIC (2006) *Decent Work in the informal economy in Cambodia: a literature review*. ILO: Informal economy, poverty and employment, Cambodia series, nr. 2

EIU (May 2010) *Cambodia Country Report*

- Gottesman, E (2003) *Cambodia After the Khmer Rouge: Inside the Politics of Nation Building*. New Haven: Yale University Press.
- Stéphane Guimbert (April 2010) *Cambodia 1998–2008. An Episode of Rapid Growth* The World Bank, East Asia and Pacific Region, Poverty Reduction and Economic Management Department (WPS5271)
- Henke, R (in press). NGOs, People's Movements and Natural Resources in Cambodia. In: Caroline Hughes & Keang Un. *Cambodia's Economic Transformation*. Copenhagen: NIAS Press
- Hughes, C. (2003) *The political economy of Cambodia's transition, 1991 – 2001*. London: Routledge
- ILO (March 2005) *Report to the Government on Employment Injury Insurance in Cambodia: Legislation, Financing, and Administration*
- ILO (2009) *The Work of the ILO in Cambodia*
- ILO/BFC (March 2010) *Cambodia's Garment Industry Struggles in the Face of the Global Economic Downturn*. Industry data sheet
- IMF (December 2009) *Cambodia: 2009 Article IV Consultation—Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director*
- Hossein Jalilian and Glenda Reyes (March 2009) Cambodia in the Sweep of the Global Financial and Economic Crisis. In: *CDRI Annual Development Review 2009-10*
- Kang Chandararot, Sok Sina & Liv Dannet (March 2009) *Rapid assessment of the impact of the financial crisis in Cambodia*. ILO Subregional Office for East Asia: ILO Asia-Pacific Working Paper Series
- Kang Chandararot & Liv Dannet (March 2010) *Tracking Study of Cambodian Garment Sector Workers Affected by the Global Economic Crisis: Benchmarking Survey Report*. Cambodia Institute of Development Study.
- Kang Chandararot & Liv Dannet (June 2010) *Tracking Study of Cambodian Garment Sector Workers Affected by the Global Economic Crisis: First Tracking Survey*. Cambodia Institute of Development Study.
- Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi (2009). *Governance Matters VIII: Governance Indicators for 1996-2008*. World Bank Policy Research June 2009
- Knowles, J. et al. (2007), *Accountability and Neo-patrimonialism in Cambodia: A Critical Literature Review*, Phnom Penh: CDRI
- Licadho (January 2006) *Cambodia: Attacks on freedom of expression & political rights*. Briefing paper.
- Licadho (December 2007) *Human rights in Cambodia: The charade of justice*. Report
- Licadho (May 2008) *Reading between the lines: How politics, money & fear control Cambodia's media*. Report

- Licadho (April 2009) *Submission to the United Nations Universal Periodic Review, Cambodia*
- Licadho (May 2009) *Restrictions on the freedom of expression in Cambodia's media*. Briefing Paper
- Licadho (May 2009) *Land grabbing & poverty in Cambodia: The myth of development*. Report
- Meas Sokchea & Sebastian Strangio (01-03-2010) *Sam Rainsy charges draw criticism*. Phnom Penh Post <http://www.phnompenhpost.com/index.php/2010030132833/National-news/sam-rainsy-charges-draw-criticism.html> (accessed 03-05-2010)
- Tola Moeun (Sep 2009) *Testimony before Tom Lantos Human Rights Commission Hearing*. United States Congress
- Ministry of Women's Affairs (April 2008) *A fair share for women. Cambodia gender assessment*
- Elizabeth Morris (2007) *Promoting Employment in Cambodia: Analysis and options*. ILO Subregional Office for East Asia Bangkok
- Samsen Neak and Raymond Robertson (2009) *Globalization and working conditions: evidence from Cambodia*. In: Raymond Robertson et al. *Globalization, wages, and the quality of jobs: Five country studies*. The World bank
- Ngo Sothath and Chan Sophal (February 2010) *More Vulnerable: The impact of the economic downturn on women in Cambodia*. Oxfam Research Report
- NIS (2010) *Labor Force 2007*. Ministry of Planning
- Nuon Veasna (unpublished draft) *Cambodian Trade union Overview*
- Ovesen, J., et al. (1996). *When Every Household is an Island: Social Organisation and Power Structures in Rural Cambodia*. Upsala research reports in cultural anthropology. No. 15. Stockholm.
- Owen, T. & Kiernan, B. (2006) *Bombs over Cambodia*. In: *The Walrus, October 2006*, pp.62-69
- Oxfamnovib (Feb 2010) *Cambodia Country Strategy 2015*
- Oxford Poverty and Human Development Initiative (OPHI) (July 2010) *Country Briefing Cambodia*
- A. Pellini, *Decentralisation Policy in Cambodia. Exploring Community Participation in the Education Sector*. Unpublished PhD Thesis, University of Tampere, 2007
- Sedara, K. & Öjendal, J. (2009) *Decentralization as a strategy for state reconstruction*. In: Öjendal, J. & Lilja, M. (Eds.) (2009) *Beyond democracy in Cambodia. Political reconstruction in a post-conflict society*. Copenhagen: Nias press
- Slocomb, M (2003) *The People's Republic of Kampuchea 1979 - 1989: The Revolution After Pol Pot*. Chiang Mai: Silkworm Books.
- Solidarity Center (April 2010) *Synopsis of the Cambodian Labor Movement*.

The Committee for Free and Fair Elections in Cambodia (Comfrel) (2007) *Final Assessment and Report on 2007 Commune Council Elections*

The Committee for Free and Fair Elections in Cambodia (Comfrel) (2008) *National Assembly Elections: Final Assessment and Report*

Kheang Un (2004) *Democratization without Consolidation: The Case of Cambodia, 1993-2004*, Unpublished PhD Thesis, Northern Illinois University

Understanding Children's Work (UCW) Project (April 2006) *Children's work in Cambodia: a challenge for growth and poverty reduction*. ILO

UNDP (2009) *Cambodia Country Competitiveness: Driving Economic Growth and Poverty Reduction*. Discussion paper no.7

US embassy (2010) 2009 *Human rights report: Cambodia*. Bureau of democracy, human rights, and labor <http://www.state.gov/g/drl/rls/hrrpt/2009/eap/135988.htm> Accessed 26-07-2010

D. Andrew Wardell and Christian Lund (2006) Governing Access to Forests in Northern Ghana: Micro-Politics and the Rents of Non-Enforcement, *World Development* 34(11)

J. Wilson (2005) *Establishing the Rule of Law in Cambodia: the Role of NGO Regulation and Judicial Reform*, Research Paper for the International Human Rights Internship Program, Phnom Penh: Licadho

World Bank, (2004) *Cambodia at the Crossroads: Strengthening Accountability to Reduce Poverty*, East Asia and Pacific Region Report

World Bank (2006) *Civic Engagement in Cambodia: Supplementary material on Civil Society for the Concept Note for a Study of the Civil Society in Cambodia*, internal memorandum

World Bank (February 2006) *Cambodia: Halving Poverty by 2015? Poverty Assessment 2006*

World Bank (June 2006) *Managing risk and vulnerability in Cambodia: An Assessment and Strategy for Social Protection*

World Bank (29 September 2006) *Draft Concept Note for a Study of the Civil Society in Cambodia*, internal memorandum, Phnom Penh

World Bank (February 2009) *Sustaining Rapid Growth in a Challenging Environment*. Cambodia Country Economic Memorandum

World Bank (June 2009) *Poverty profile and trends in Cambodia, 2007: Findings from the Cambodia Socio-Economic Survey (CSES)*

Ray Zepp (2004) "The Aid Industry: A frank discussion of local and international NGOs," in: Ray Zepp. *Experiencing Cambodia*, unpublished paper

Annex 1: Terms of Reference CNV context analyses 2010

Objective of the context analyses

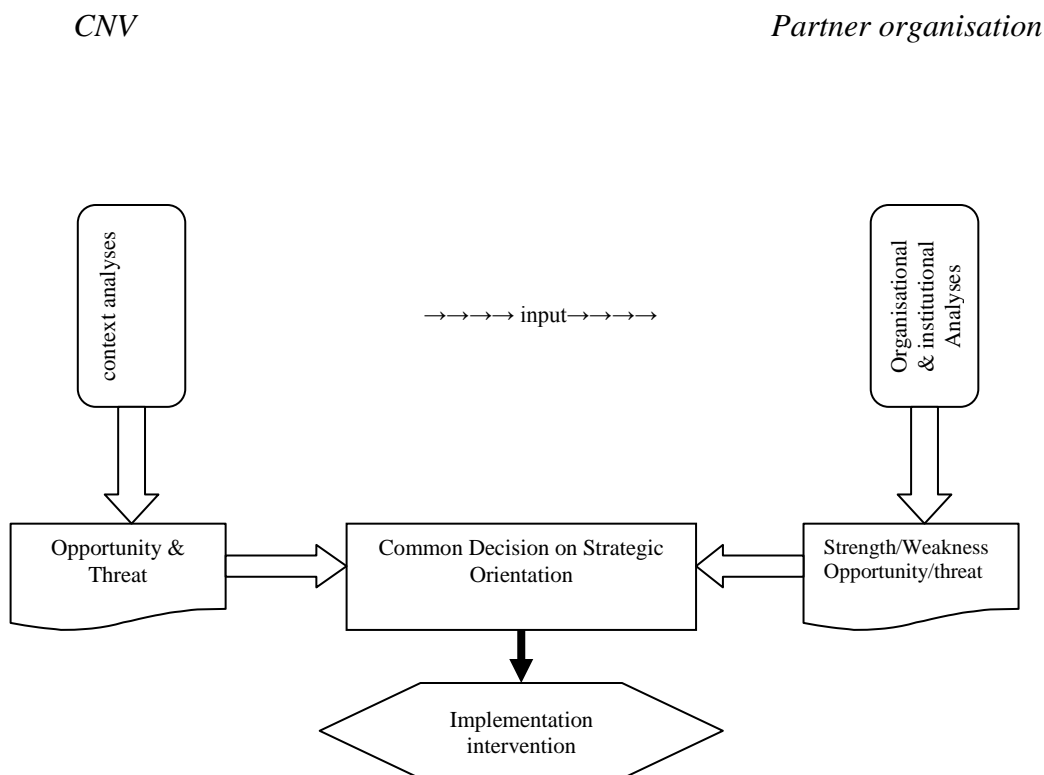
The context analysis has to facilitate CNV Internationaal in:

1. The assessment of the sustainability, feasibility and urgency (priority setting) of the intervention strategy of the partner organisation (as presented in the PME workplans) on the thematic themes of CNV strategic plan: social dialogue, informal economy, gender equality (including violence against women –labor related) and fair globalisation (opportunities and threats);
2. The assessment of the sustainability, feasibility and urgency (priority setting) of the intervention strategy of the partner organisation (as presented in the PME workplans) in the formal economy (in relation to the general opportunities and threats in the formal economy);
3. Developing the national policy of CNV Internationaal for the so called “focus countries” (Senegal, Togo, Indonesia, Cambodia, Pakistan, Nepal, Colombia, Guatemala, Macedonia and Moldova). Focus countries implies, amongst others, intensifying the cooperation with the present partner organisation; starting new cooperation’s with organisations (bilateral or through partner organisation) that facilitates our present partner organisation (training institutes, research institutes, ILO etc); and starting new cooperation’s with other organisations that are working on labor rights and labor improvements that are specifically related to the four themes.

Therefore the context analyses should provide the following information:

1. Identifying the economic, political, social and cultural facts in de formal economy and regarding social dialogue, informal economy, gender equality (including violence against women –labor related) and fair globalisation
2. Identifying the different actors in the formal economy and regarding social dialogue, informal economy, gender equality (including violence against women –labor related) and fair globalisation
3. Identifying the opportunities and threats in the presented facts and actors regarding formal economy and social dialogue, informal economy, gender equality (including violence against women –labor related) and fair globalisation. These opportunities and threats will also be used (by CNV/consultant) as input for the organisational analysis (see table 1).

Table 1 The position of the context analysis (opportunity)within the methodology for the organisation analysis:



Framework of the context analyses

When a new four-year programme is formulated, the context analysis is the first step to implement:

Step 1 the Context analyses

Step 2 the Organisational analyses

Step 3 the PME planning

- The four-year plan
- The first one-year plan

The gender audit will be implemented in the focus countries only and will follow after step 3. This is due to the fact that gender audit is being set up from 2010 onwards.

Implementation of the context analyses

The country labor studies will be written by a team consisting of two persons, a Dutch-based researcher and a local-based researcher(s)¹⁵⁷. An advisory committee will assist on the specifics of the Terms of Reference and discuss the field study results, the conclusions and the policy recommendations. We will discuss about emphasis and expected results country per country, in order to agree with the specific country teams on priorities, and the possibilities to provide data for conclusions and recommendations. In any case, we expect arguments and judgements about the country's labor situation and labor problems. When strictly quantitative data cannot be found, we ask you to substantiate your 'guesstimates' as far as possible.

We expect a report of 15,000 words with at least four substantive chapters and a substantive bibliography:

- General information on the county: population, area, ethnic communities, date of independence, languages, etc.
- The facts of the general context (with focus on formal economy) and on the four themes (social dialogue, informal economy, gender equality (including violence against women –labor related) and fair globalisation).
- The actors of the general context (with focus on formal economy and the four themes (social dialogue, informal economy, gender equality (including violence against women –labor related) and fair globalisation).
- Opportunities and Threats of the general context (with focus on the formal economy) and the four themes (social dialogue, informal economy, gender equality (including violence against women – labor related) and fair globalisation).
- Conclusions and recommendations.
- Bibliography.

The process of the context analyses is as follows:

Preparatory

1. Meeting with programme officer responsible for the country and the specialist of the various themes. Thematic policy documents will be provided.

Field Study

1. Research in the country with local researcher(s)

Reporting

1. First concept report 4 weeks after the implementation of the research.
2. Discussion with CNV I (programme officer and, if relevant thematic specialist(s), on first concept report.
3. Redrafted second version of the report will be discussed with the advisory committee.
4. A redrafted final version.

The researchers are expected to consult at least the following organisations/institutions (if present): the partner organisation of CNV, other relevant trade union organisation, ILO, Dutch embassy, Employers organisation, Ministry of Labor, UNDP, women organisations and human rights organisation.

The researchers are expected to present quantitative and qualitative information based on UN (UNDP, ILO) analytical reports, national statistics and national and/or sectoral government reports, complemented by studies published by competent research institutions and policy NGOs. Also documents, like annual

¹⁵⁷ Different local researchers are possible pending to their specialization in one of the themes.

country reports by the ITUC (World Umbrella Organisation of Trade Unions) might be, if present, of importance for the research. The research methodology shall be diverse: information collected by in-depth interviews with relevant experts, researchers and policy advisers. The collected data should be gender specific.

Content of the report to be submitted:

4. General context: economy, social, political introduction (but also short general information on the country: population, area, ethnic communities, date of independence, languages, etc).
 - ▶ facts
 - ▶ actors
 - ▶ opportunities and threats
 - ▶ conclusions and recommendations

5. a. labor and their organisations in de formal economy
 - ▶ facts
 - ▶ actors
 - ▶ opportunities and threats
 - ▶ conclusions and recommendations
 - b. social dialogue
 - ▶ facts
 - ▶ actors
 - ▶ opportunities and threats
 - ▶ conclusions and recommendations

6. a. Informal economy
 - ▶ facts
 - ▶ actors
 - ▶ opportunities and threats
 - ▶ conclusions and recommendations
 - b. Gender equality
 - ▶ facts
 - ▶ actors
 - ▶ opportunities and threats
 - ▶ conclusions and recommendations

 - c. Fair globalization
 - ▶ facts
 - ▶ actors
 - ▶ opportunities and threats
 - ▶ conclusions and recommendations

Bibliography

List of persons interviewed

2. GENERAL CONTEXT: Economy, social, political introduction

▶ Facts

Political

- A short analyses of the present political working situation: political pluralism, culture of democracy, freedom of expression, functioning of institutions of good governance, etc.
- An analyses of the civil society, their agendas and their popular support, gender and other 'social equality' and political movements.
- An analysis of the security situation between 2000 and the present, with special attention to human and labor security and freedom of organisation (ILO convention 87/98).
- An analyses of the International structures the country is part of (including international agreements regarding economic matters etc).

Socio-Economic

- General economic aggregates: HDI, minimum wages, inflation rates, total work force in formal economy, etc.
- Regional bodies for economic integration (such as SADC, UEMOA, ASEAN, ...)
- The specifics regional and sectoral differences in (income) on poverty and severer violation of labor rights within the formal economy.
- A vision on the poverty problem per region and sector. For instance: Is the poverty problem more serious in the rural areas or in the urban agglomerations? Are there systematic differences in wages and salaries in the industrial sector vis-à-vis the construction sector? Where are the poverty pockets to be found in the national economy?
- The national economic policy and its relevance for decent work: PRSP, etc.
- An analysis of the influences of the economic crisis (including affected sectors, inflation figures etc)
- An overview of the social policies implemented by the relevant (national, maybe regional or municipal) government institutions.

Cultural

- The specifics of the situation of class relations and ethnic divides, social inclusion and exclusion, and the human rights situation. This with special attention to the gender power imbalances.

▶ Actors

- The most relevant actors in the given context who provide special attentions to the needs of the workers regarding poverty reduction and labor rights

▶ Opportunities and threats

- Opportunities and threats for the trade union movement in the given context

▶ Conclusions and recommendations

2A. LABOR AND THEIR ORGANISATIONS IN DE FORMAL ECONOMY

► Facts

Political

- An analyses and appraisal of the present labor legislation (compared to the ILO conventions) and the opportunities and threats for workers and trade union organisations fighting for protection of labor rights.
- An analyses and appraisal of the implementation of the present labor legislation and the opportunities and threats for workers and trade unions fighting for protection of labor rights
- An analyses and appraisal of the gender sensitivity of the present labor legislation and the implementation of the legislation.

Socio-Economic

- The labor market and its segmentation in relevant economic sectors such as construction and transport, food and textile, industry, services and commerce, and agriculture and agro-industry (see also informal economy).
- A detailed gender analysis of the formal segments of the economically active population.
- The representativeness of the significant labor organisations in terms of 'coverage' of the economically active population at the national, regional and sectoral level. How representative is the national, regional and sectoral labor movement in de formal sector? An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.
- The coverage of the existing labor protection, social security and public health provisions, the possibilities of access to professional training, the pension system, specific provisions in the case of labor accidents and death, unemployment provisions for workers in the formal economy. An appraisal of the quality of the social security system and the pension funds. Gender analysis of the system/data.
- What are the constraints and opportunities of workers in the formal economy;
- The relevant ILO conventions that are ratified not ratified, in process of ratification.
- The analyses of contract labor (formal/informal, covered by labor law, problems related to contract labor etc.)

Cultural

- Impact of culture on labor rights in general and specific for vulnerable groups (women, youth, ...)

► Actors

- The most relevant actors within the formal economy who provide special attentions to the needs of the workers regarding poverty reduction and labor rights (NGO, trade unions, private business, social, banking, Government, etc).
- The most relevant actors that could facilitate these actors in improving their quality of work (training institute, gender institutes, research institutes, consultancy, accounting etc).

► Opportunities and threats

- Opportunities and threats for the trade union movement in the formal economy

► Conclusions and recommendations

2B. SOCIAL DIALOGUE

► Facts

- The existing structures of bi and tripartite dialogue at the national level, sectoral level (like for instance garment, construction) and an analyses about the functioning of these structures. Is this dialogue relevant? What are the most crucial results? Which of improvements of labor rights and labor conditions are measurable as a result of the activities of the labor movements within these structures?
- What is the situation of industrial (labor) relations in the country as a whole?
- The role and common acting patterns of the relevant government (and associated) institutions.
 - The role of the ministry of labor and other concerned ministries, women's empowerment/gender ministry the judiciary and the policy with respect to labor issues.
 - We are interested in bilateral and tripartite negotiations and in labor justice
 - We are interested in the procedures in the case of labor related conflicts.
 - We are interested in favourable and unfavourable legal (and illegal) practices, the enforcement of the existing labor legislation and the existing sanctions.
 - We are interested in the possibilities of the labor movement to campaign for decent work and decent working conditions (see the ILO conventions).
 - We are interested in the labor inspection (size, quality, coverage, problems)
- How employers are organised (sector, national, local?) and how is the cooperation with trade unions?
- How are trade unions organised (national, regional, sectoral, coverage of each confederation (number and sectors, region), political alliance/independent. What is the main focus of relevant confederations.
- An analysis of the violation of trade union rights (are trade union leaders oppressed, or even worse)
- Analyses of the inter-trade union structures in the countries (confederal/sectoral level/ the unions that are part of this structure).

► Actors

- How do unions cooperate currently, and with other players (civil society, others, nationally and internationally) and what is relevant and are feasible opportunities for the future?
- What are the most relevant actors within the social dialogue (for cooperation with partner organisation) in order to work on poverty reduction and labor rights?
- What type of cooperation existing between these key actors? (Competition, collaboration,)

► Opportunities and threats

- What are the opportunities and threats for social dialogue in the country (on the content and process): What are the major issues of violation of labor rights that should be put on the agenda within bi-tripartite structures? How could cooperation between unions being improved (one voice)? Etc.

► Conclusions and recommendations

3A.INFORMAL ECONOMY¹⁵⁸

► Facts

Political (legislation)

- An analyses and appraisal of the coverage of the informal worker under the present labor legislation (compared to the ILO conventions) and the opportunities and threats for workers and trade union organisations fighting for protection of labor rights for informal workers.
- An analyses and appraisal of the coverage of the informal workers with the implementation of the present labor legislation and the opportunities and threats for workers and trade unions fighting for protection of labor rights.
- An analyses and appraisal of the gender sensitivity of the present labor legislation and the implementation of the legislation regarding informal workers.
- A national policy (document) regarding informal economy (at sector or inter-sector levels).

Economic

- The labor market and its segmentation in relevant informal economy (by sectors such as construction and transport, food and textile, industry, services and commerce, and agriculture and agro-industry.
- A detailed gender analysis of the formal segments of the economically active population in the informal economy.
- The representativeness of the significant labor organisations in terms of 'coverage' of the economically active population in the informal economy at the national, regional and sectoral level. How representative is the national, regional and sectoral labor movement in de formal sector? An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.
- The coverage of the existing labor protection, social security and public health provisions, the possibilities of access to professional training, the pension system, specific provisions in the case of labor accidents and death, unemployment provisions for workers in the informal economy (by gender). An appraisal of the quality of the social security system and the pension funds. Gender analysis of the system/data.
- The specifics regional and sectoral differences in (income) poverty and the articulation within the informal economy.
- A vision on the poverty problem per region and sector in the informal economy. For instance: Is the poverty problem more serious in the rural areas or in the urban agglomerations in the informal economy? Where are the poverty pockets to be found in the informal economy?
- What are the constraints and opportunities of workers and organisations in the informal economy;

Social cultural

- Relationship between informal economy enterprises (individual and collective), families and kinship.
- Cultural constraints and the unequal access to the means of production between men and women
- The impact of culture on the promotion of decent work in the informal economy.

► Actors

- The existing networks of the partner organisation and their initiatives regarding the informal economy: with similar popular organisations, with relevant NGOs and CBO's (community based) and faith based organisations, with relevant study centres, training centre, the international labor movement, etc
- The organisations and their initiatives in the informal economy (outside the network of the partner organisation); NGO's, CBO's, faith based organisations etc.
- The most relevant actors that could facilitate these actors in improving their quality of work (training institute, gender institutes, research institutes, consultancy, accounting etc).
- Identification of the service delivery organisations for the informal economy (credit facilities) and their initiatives.

► Opportunities and threats

- Opportunities and threats for the partner organisation to work for the labor rights of workers in the informal economy
- In general, opportunities and threats regarding the informal economy in the country (also by other organisations).

¹⁵⁸ Although on paper a sharp division is made between formal and informal economy, in practice the division is not like that. The same person is working in both economies and in practices the division is not always clear between formal and informal (there is a grey spot).

► Conclusions and recommendations

3B. GENDER EQUALITY

► Facts

- Analyses of gender equality regulation within the labor legislation
- Analyses of the gender gaps within labor legislation (future action).
- Analyses on the gender inequality gaps in the implementation of this labor legislation.
- Analyses of violation of the ILO gender equality conventions (ratification/implementation)
- Analyses of the potential to organise women workers (focus for trade union) and are they covered by the trade union movement. An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.
- Data on gender inequality and specific gender problems (also in terms of the legal situation).
- Analyses of the situation of violence against women at the work floor (sexual harassment). Are there (labor) laws protecting this issue (what is quality)? If they are there, are they implemented?
- An analyses and analyses of the situation of women participating in the economy (see also formal and informal economy)?
- What are the vulnerable sectors where mainly women are working (in general and with special attention to domestic work (ILO convention coming up), informal economy, EPZ)? Are these workers protected by labor legislation? Analyses of why these workers are vulnerable (the violation of workers rights (considering ILO conventions))? Are these vulnerable sectors covered by the trade unions? An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.
- Analyses of the participation of women (compared to men) within trade union movement (membership, decision making). If possible, an overview of the different national trade union organisations (including partner CNV) .

► Actors

- The existing networks and their initiatives of the partner organisation regarding organisations focussing on gender equality (in general and related to vulnerable groups): with similar popular organisations, with relevant NGO's, CBO's (Community Based Organisations) and women's organisation, with relevant study centres, training centre, the international labor movement, etc. What are their strategies and interventions?
- The existing organisations and their initiatives, outside the network of partner organisation, working on gender equality: NGO's, CBO's, study centre, training centre, the international labor movement etc.
- Organisations and networks and their strategies that are involved on the issue of violence against women (labor related and general).
- organisations and networks and their strategies that are involved in the vulnerable sectors women are working.

► Opportunities and threats

- For the partner organisation to work on gender equality issues (major labor problems for women, and within trade union organisations)
- In general the opportunities and threats regarding the gender equality issues in a country and specifically regarding violence against women, vulnerable sectors

► Conclusions and recommendations

3C. FAIR GLOBALIZATION

► Facts

- Analyses of the sectors agriculture and textile that are producing for the international market (for example plantations, factories, EPZ's could have a link with products consumed in Europe (Netherlands).
- Are these sectors covered by the trade union movement? An overview has to be give of the different national trade union organisations (including partner CNV) and their respective coverage.
- Analyses of the main labor problems in these sectors and if they are covered by labor legislation (this in relation to the decent work agenda: labor rights, social protection, social dialogue, employment).
- Analyses of wage levels and if this means a living wage in the given context of the country (region)
- Analyses of type of work relations mainly used (Fixed contracts, flexible contracts, sub-contracting, day laborers etc.)
- Analyses of the sectors that are producing for export.
- Analyses of the main natural resources for export.
- Analyses of the status and impact of the Central American common market association agreement with the EU.
- Analyses of the EPZ's (seize, type products, labor situation/problems, legislation coverage etc.) and are these zones covered by the trade union movement?

► Actors

- Are there initiatives/alliances/network regarding corporate social responsibility in specific sectors (for example soya in Paraguay, wood in Indonesia and Cameroon, Cacao in Ghana , thee in Sri Lanka). (IDH)
- Analyses of the actors and their initiatives regarding the common market association agreement with the EU in respective countries (Central America and Andes).
- The Dutch companies present in the country (what are they producing/investing/buying)
- Analyses of the social infrastructure/branch organisations/employers organisations/business initiatives (related to agriculture and textile).

► Opportunities and threats

- What are the opportunities and threats regarding improving corporate social responsibilities?

► Conclusions and recommendations

BE0039/cw/20100208

Annex 2: List of persons consulted

Date	Names	Gender	Title	Organization	Contact address	
					Phone number	Email
17 May	Hans van Santen	M	Dpt Head of Mission/Head of Economic Dept	Dutch Embassy Bangkok	+66 (0)2 309 5200	Hw-van.santen@minbuza.nl
17 May & 3 June	Shalmali GUTTAL	F	Coordinator of the Defending and Reclaiming the Commons programme	Focus on the Global South Defending and Reclaiming the Commons programme & Mainland Southeast programme	+66 (0)81 375 6409 +855 (0)99 247 479	s.guttal@focusweb.org
18 May	Thorn ATH	M	President President	Cambodian Labor Confederation (CLC) Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU)	012 998 906	clc.cambodia@online.com.kh ath_thorn@yahoo.com
18 May	Sopheakdey EK	M	Vice President General Secretary	Cambodian Labor Confederation (CLC) Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU)	018 799 799	c.cawdu@online.com.kh kdeyclc@gmail.com
18 May	Vuthy HORNG	M	Project Officer	Cambodian Labor Confederation (CLC)	012 385 561	clc.cambodia@online.com.kh horng79vuthy@gmail.com
19 May	Alonzo G. SUSON	M	Country Program Director	American Center for International Labor Solidarity (ACILS)	077 222 020 023 881 202	asuson@solidaritycenter.org
19 May	Anna COLLINS-FALK	F	Senior Policy Advisor	Ministry of Women's Affairs	012 794 228	anna.collins-falk@undp.org
19 May	Tola MOEUN	M	Head of Labor Program	Community Legal Education Center (CLEC)	012 921 961 023 211 723	tola@clec.org.kh clec-lpu@clec.org.kh
20 May	Dan ADLER	M	Governance Specialist	World Bank (formerly CLEC)	012 515 810 023 213 538/639	dadler@worldbank.org
20 May	An NAN	M	Arbitrator Investigator/Cambodia	The Arbitration Council Worker Rights Consortium	012 994 812	nan@arbitrationcouncil.org secretariat@arbitrationcouncil.org annan@workersrights.org
20 May	Sophal CHAN	M	President	Cambodian Economic Association	012 979 298 023 971 055	sophal.chan@gmail.com
20 & 22May	Brian Rohan	M	Board Member	Arbitration Council		brianrohan2001@yahoo.com
21 &	Mathieu Pellerin	M	Monitoring consultant	Licadho		mon2@licadho-cambodia.org

25 May						
21 May	Serey Vathanak YIM	M	National Project Coordinator	International Labor Organization-Worker Education Project (ILO-WEP)	012 810 944 023 220 817	yim@ilo.org
21 May	Lor SOK	M	Executive Director	Arbitration Council Foundation	012 212 515 023 881 814 ext. 119	lsok@arbitrationcouncil.org
21 May	Phallack KONG	M	Managing Partner Attorney at Law Arbitrator	Khmerlex Legal Solutions	012 712 255 023 996 535	phallack@khmerlex.com
21 May	Anne ZIEBARTH	F	Technical Specialist (Legal)	Better Factories Cambodia- International Labor Organization	012 421 867 023 212 847 ext. 104	ziebarth@ilo.org
21 May	Veasna NOUN	M	Labor Researcher		012 853 916	veasnanuon@yahoo.com
24 May	Sopheap PAN	M	Executive Director	Farmer and Nature Net (FNN)	012 803 972 023 880 916	pansopheap@gmail.com
24 May	Hach SOK	M	President	Economic Institute of Cambodia (EIC)	023 987 941	hach.sok@eicambodia.org
24 May	Seiha NEOU	M	Economic Development Program	Economic Institute of Cambodia (EIC)	012 668 003 023 987 941	seiha.neou@eicambodia.org
24 May	Huot CHEA	M	Economist Poverty Reduction and Economic Management Unit	The World Bank/Cambodia Office	012 444 607 023 213 538/639	huotchea@worldbank.org
24 May	Sopheap ROS	F	Executive Director	Gender and Development for Cambodia (GAD/C)	012 627 857 023 215 137	gad@online.com.kh sopheap_gad@online.com.kh
24 May	Kim Sore CHHAY	M	Community Outreach Program Manager	Gender and Development for Cambodia (GAD/C)	012 627 837	kimsore_gad@online.com.kh
25 May	Chandararot KANG	M	Director & Head of Economics Unit	Cambodia Institute of Development Study (CIDS)	012 736 926 023 880 787	kangR@cids-cambodia.org k_cdrrot@yahoo.com
25 May	Socheata SIM	F	Former program officer	Women's Agenda for Change (WAC)	012 628 602	socheatasim@gmail.com
25 May	Sopheha CHREK	F	Facilitator	Social Action for Change (SAC)	092 293 257	chreksopeha@gmail.com
25 May	Sokunthy ROS	F	Facilitator	Social Action for Change (SAC)	012 217 887	ros_sokunthy@yahoo.com
25 May	Naly PILORGE	F	Director	Licadho		director@licadho-cambodia.org

25 May & 4 June	Terry PARNELL	F	Project Manager	East West Management Institute; Cambodia Bio- diversity Protection Program		tparnell@ewmi-praj.org
26 May	Pao VORN	M	President	Independent Democracy of Informal Economy Association (IDEA)	012 534 796	ideacambodia@gmail.com pao_vorn@yahoo.com
26 May	A focus group discussion	9 Fs	3 Peer organizers 6 workers from four factories	Worker Information Center (WIC- in Chak Ang-re) c/o Ms. Kim Nin THONG, peer organizer	092 526 670	
1 June	Seltik HENG	F	National Project Coordinator	Promoting Women's Entrepreneurship Development and Gender Equality	012 455 578 023 220 817	seltik@ilo.org
2 June	Soeu HOUN	M	Deputy Chief, Dept. of Labor Dispute	Ministry of Labor and Vocational Training (MoLVT)	012 952 686 023 882 904	
2 June	Sieng Hong CHEA	M	Chief of the Labor Dispute Bureau, Dept. of Labor Dispute	Ministry of Labor and Vocational Training (MoLVT)	012 445 228 023 882 904	
2 June	Athit KONG	M	General Secretary Vice President	Cambodian Labor Confederation (CLC) Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU)	012 709 509	kongathit@gmail.com
E-mail	Gijs KOOP	M	Advisor	NGO Forum Development Issues program		gijs.koop@gmail.com
E-mail	Hilde VAN REGENMORTEL	F	Intern at CLC	Asia Monitor Resource Centre (Hong Kong)		hilde@amrc.org.hk
E-mail	Dominique VAN DER BROGHT	M	Regional Liaison Officer	Oxfam Solidarity Belgium		dominique@osb.org.vn / domivdb@gmail.com
E-mail	Pauline Mulder	F	Program officer Cambodia	Oxfamnovib		Pauline.Mulder@oxfamnovib.nl
E-mail	Tobias Jackson	M	Regional Program Officer	Oxfam Hongkong		tobiasj@oxfam.org.hk

E-mail	Mueserref Tanriverdi	F	Senior Legal Advisor	Ministry of Women's Affairs, Legal Office	012 96 73 25	tanriverdi@ymail.com
E-mail	Ken Loo	M	Secretary General	GMAC	012 282 288	kenloo@online.com.kh
E-mail	Hans Hwang	M	Advisor	Arbitration Council Foundation		hhwang@arbitrationcouncil.org

Annex 3: Word Bank Governance indicators and Cambodia's ranking

What is meant by Governance?¹⁵⁹

Governance can be broadly defined as the set of traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them.

The six dimensions of Governance are: Voice and Accountability; Political Stability and Absence of Violence; Government Effectiveness; Regulatory Quality; Rule of Law; and Control of Corruption.

Voice and Accountability measures the extent to which country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media

Political Stability and Absence of Violence/Terrorism measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism

Government Effectiveness measures the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies

Regulatory Quality measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development

Rule of Law measures the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence

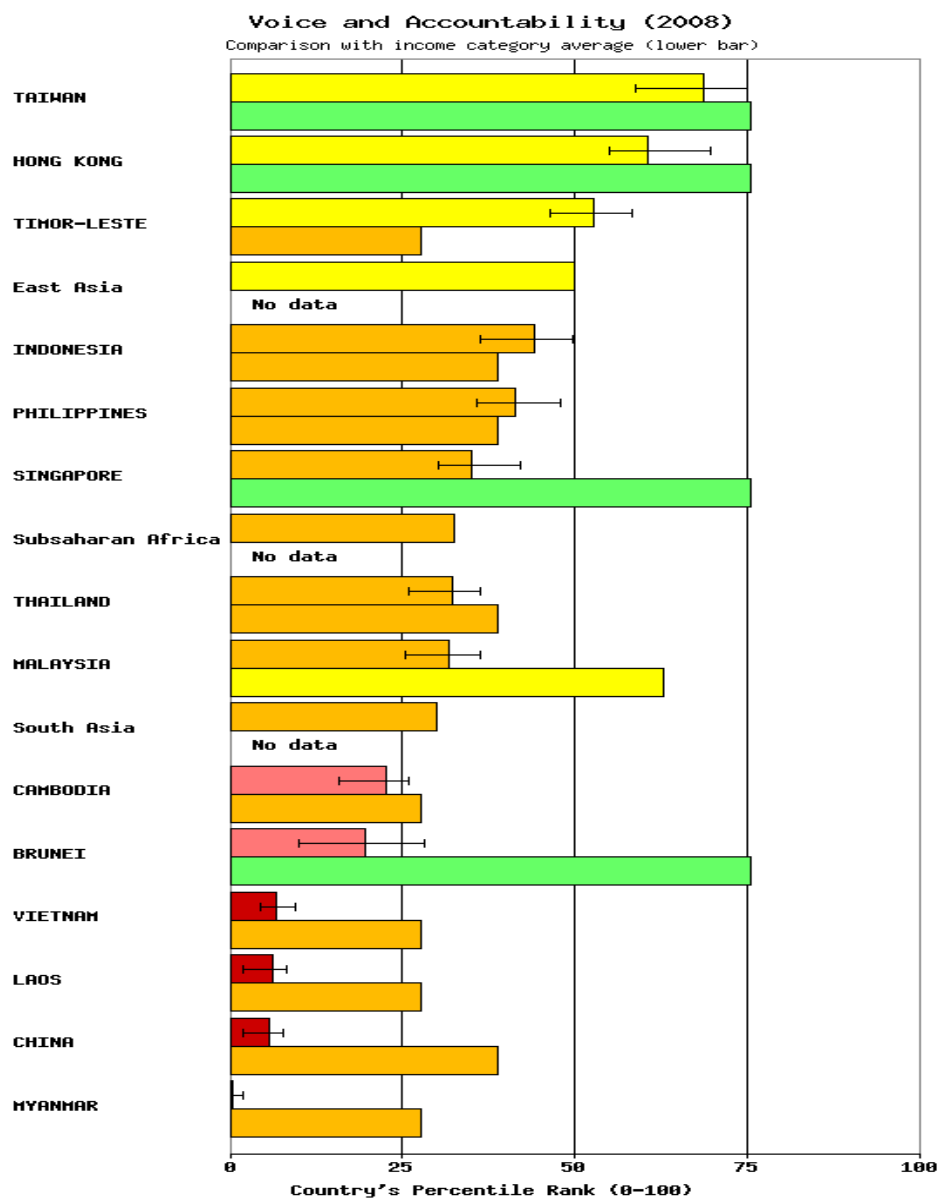
Finally, **Control of Corruption** measures the extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

The dimensions are measured by aggregate indicators. The indicators are constructed using an unobserved components' methodology described in detail in Kaufmann et al. (2009). The six governance indicators are measured in units ranging from about -2.5 to 2.5, with higher values corresponding to better governance outcomes. The governance indicators presented here reflect the statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries, as reported by a number of survey institutes, think tanks, non-governmental organizations, and international organizations.

¹⁵⁹ <http://info.worldbank.org/governance/wgi/faq.htm>

To contextualize Cambodia's situation, the below charts, produced using the World Bank governance indicators database¹⁶⁰, its percentage ranking in the total of the 212 countries that are included in the database is set against

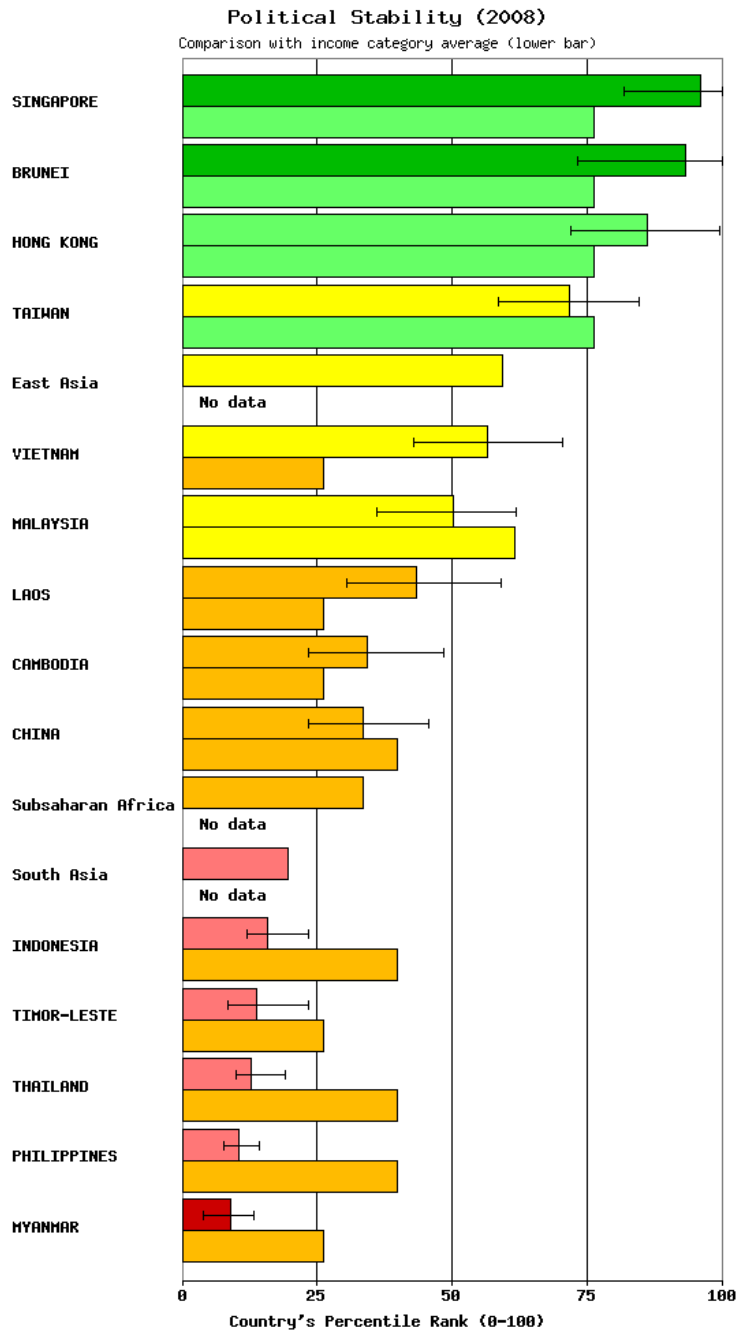
- A subset of East Asian countries
- Comparing the country ranking against its income category average (lower bar)
- And including the regional averages of some relevant comparison regions (East Asia, South Asia, and Subsaharan Africa)



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008
 Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

¹⁶⁰ <http://info.worldbank.org/governance/wgi/index.asp> accessed 03-05-2010

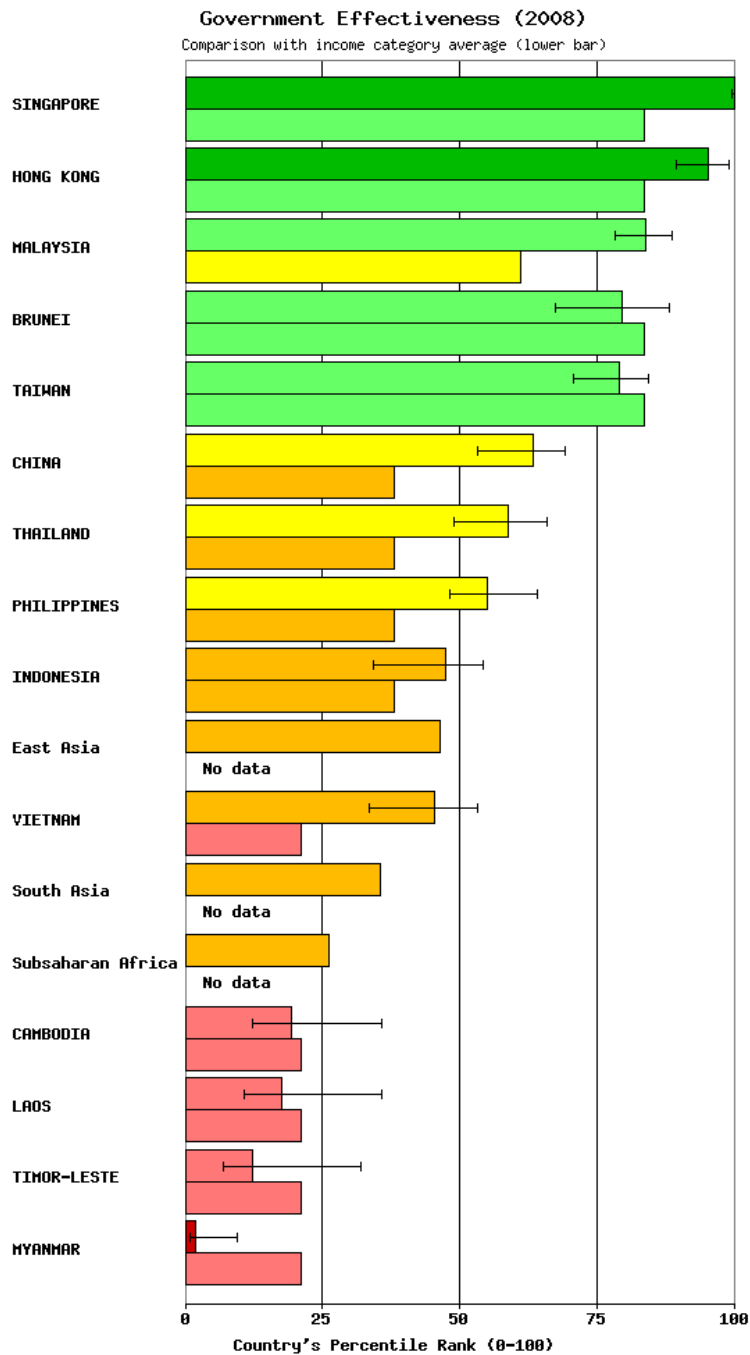
This chart very much shows the importance adhered to procedural democracy in the indicators for voice and accountability. That is why Cambodia outranks countries like China and Laos. Despite this, it is still in the bottom quarter of the world's ranking, scoring below all regional averages, and below its income category average.



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008
 Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

The political stability ranking is above the average of its income category, above the regional averages for South Asia and for Subsaharan Africa and above a couple of more wealthy regional

neighbors like Thailand, Indonesia and the Philippines, illustrating the description in the main text of a politically stable albeit autocratically ruled country.



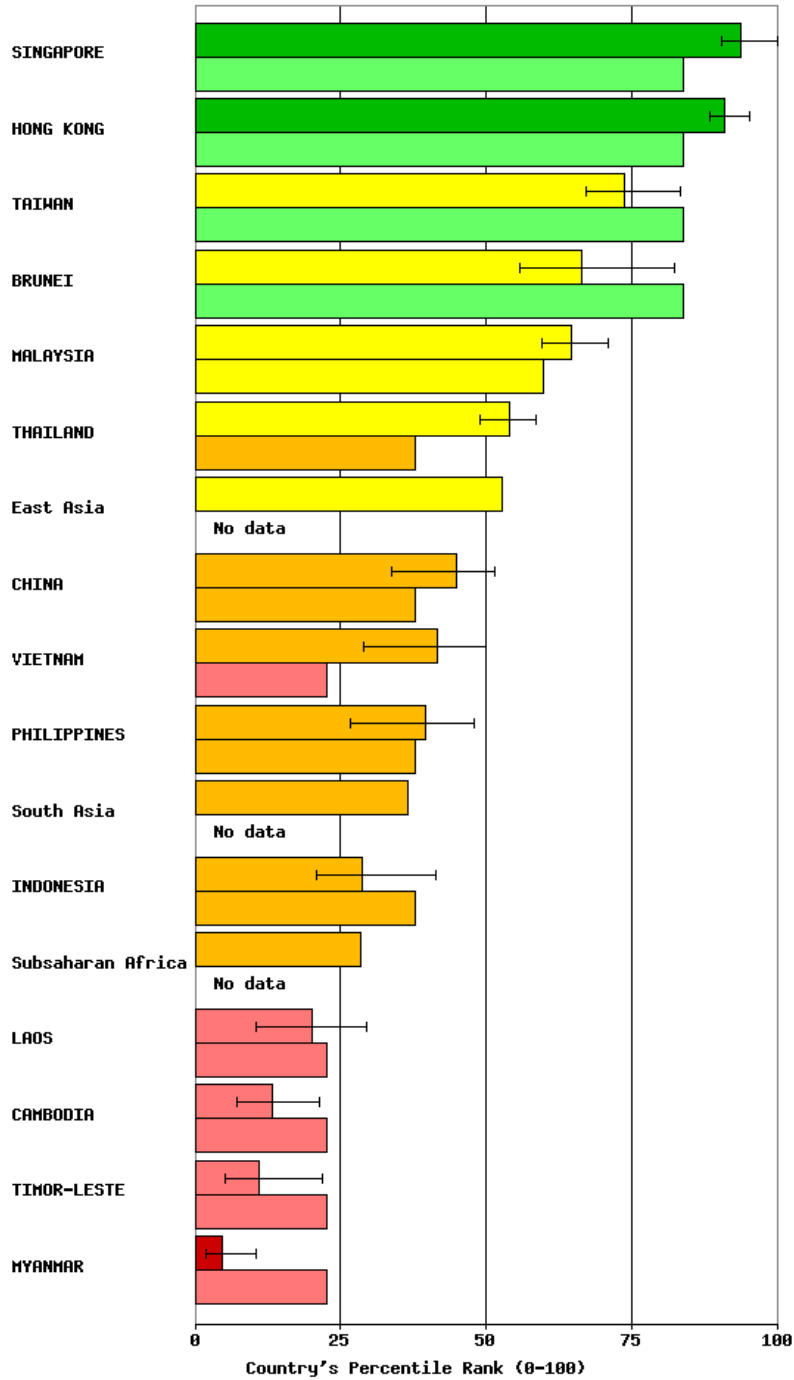
Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

In terms of government effectiveness, the country looks bad, even worse regarding rule of law, let alone control of corruption:

Rule of Law (2008)

Comparison with income category average (lower bar)

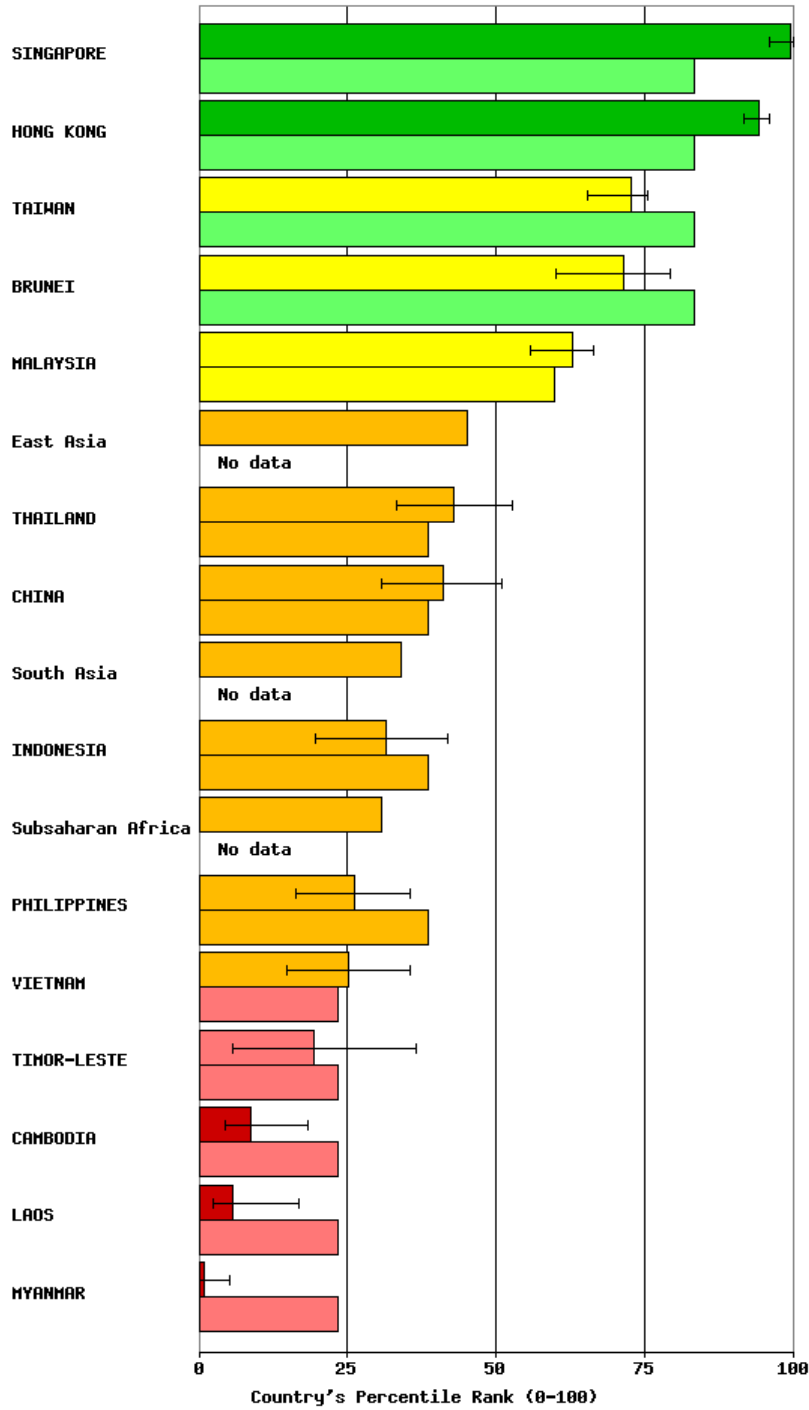


Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Control of Corruption (2008)

Comparison with income category average (lower bar)



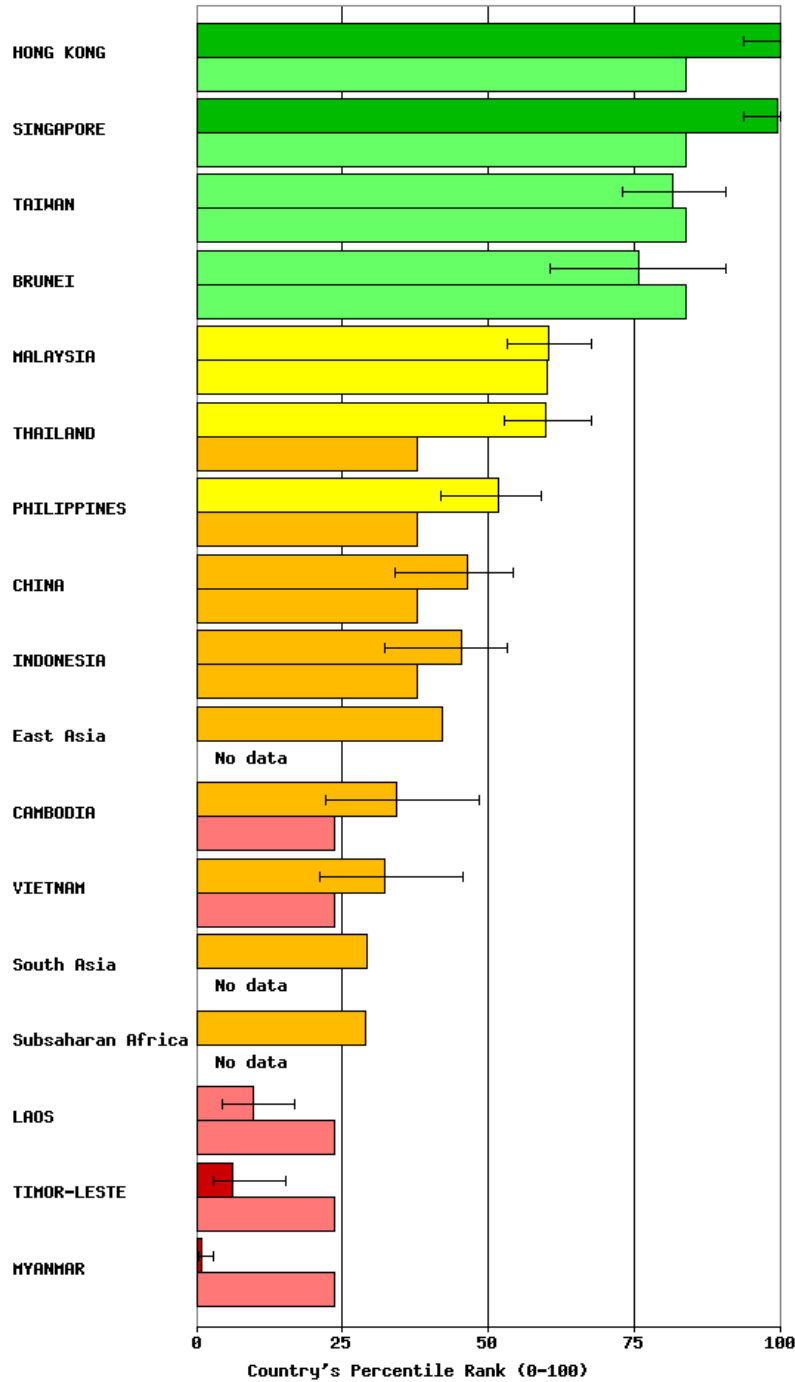
Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Regulatory quality is again at par with political stability.

Regulatory Quality (2008)

Comparison with income category average (lower bar)



Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2009: Governance Matters VIII: Governance Indicators for 1996-2008

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Annex 4: Assessment of important (potential growth) sectors of the Cambodian economy¹⁶¹

Agriculture

. Trends

- Agriculture generates 32 percent of Cambodia's GDP and employs 4.75 million workers of the 8 million labor force.
- Agriculture has grown quickly since the early 1990s compared with other countries, at just under 4 percent a year; ahead of population growth, but behind other sectors
- Most farming is for subsistence and formal agricultural exports are limited.
- Paddy remains the primary crop with 6.8 million tonnes produced in 2008
- Production of cassava has risen dramatically from just 0.2 million tonnes in 2002 to 3.4 million tonnes in 2006
- The price of rubber has dropped almost 50 percent between 2008 and 2009. Currently there are around 70,000 hectares of rubber and this could rise to 300,000 hectares within a decade

. Competitiveness analysis

Strengths

- Cambodia has reasonably good arable land and low cost labor
- Cambodia can produce crops at low unit costs, but only due to very low wage labor and spending little on inputs from off the farm, such as manufactured fertiliser, crop protection chemicals, high-quality seed and machinery
- Cambodia has two rapidly growing neighbours and is close to China, potentially the world's largest market for agricultural surpluses

Challenges

- The main disadvantages include the low education and health of the rural workforce, limited roads and irrigation structures, low access to finance, and the inability of institutions to coordinate the supply chains and to ensure both the quality and the level of technology used
- Most of the growth in farm output can be attributed to increased use of labor and small additions to the arable area, with rather less growth due to improved productivity
- Productivity per day worked is quite high, often US\$10 a day or more, but since the land generates relatively few days of work a year, the overall output per person is low
- The proportion of land irrigated is among the lowest in region, which means that most areas produce only one crop a year, which is one of the main constraints to higher output
- Crop production per hectare is low due to the limited use of off-farm inputs
- Market access is limited by the quality of transport infrastructure
- Capacity for milling in Cambodia is limited, and there are only a handful of large-scale mills that process rice to a high quality and are able to export

¹⁶¹ Extracted from UNDP (2009)

Garments/Light manufacturing

. Trends

- There were 51,000 job losses between September 2008 and March 2009 with the workforce currently standing at 301,000, and 70 factories have closed since August 2008, with few new ones opening
- The textiles and clothing industry (T&C) contributed around 12 percent of GDP in Cambodia in 2007 with 4 percent of the Cambodian labor force employed in the industry
- The garment industry is predominantly foreign owned, as is also the case for other types of light manufacturing for export
- Cambodia is highly dependent on clothing exports, similar to a number of other LDCs, but it is by far the highest among all ASEAN countries
- There is a very high dependence on a limited number of product lines with the top five product exports accounting for 65 percent of total garment exports in 2005
- Since 2005 the country has lost relative market share to other exporters of textiles and • clothing because the sector is less productive compared with its neighbours

. Competitiveness analysis

Strengths

- Cambodia is located within a world manufacturing hub
- Skills were not considered to be a major constraint to the assembly businesses that were consulted, but higher wage management positions are largely held by foreigners
- Lead times are low in Cambodia given the short shipping distances from other ASEAN partners
- Good access to policy makers through the private sector working groups was ranked highly by the garment manufacturers surveyed, as was the favourable investment climate

Challenges

- Between 2001 and 2005, Cambodia experienced the slowest increase in labor productivity in manufacturing industries compared to all other ASEAN countries for which data are available
- Preferential trade access and low labor costs are considered to be the main motivations for garment manufacturers to locate in Cambodia, but these have both been eroded
- While investment laws in Cambodia are very liberal, these policies will likely need to be re-examined
- Cambodia appears to be competing in some products by undercutting rivals in terms of increasing the quantity supplied at lower prices, versus supplying greater quantities at stable or increasing prices, increasing value added, or moving to a more stable supplier position
- The challenge for Cambodian producers is whether they can continue to be cost competitive against China after the removal of safeguards, while maintaining labor standards and increasing productivity and value added

Tourism

. Trends

- Tourist spending, using a strict definition, accounts for just under 10 percent of the economy, however, its contribution may be close to 20 percent when related activities are taken into account
- There has been a rapid increase in arrivals, from a very low number in the mid-1990s to over two million in 2008
- By the end of the first quarter of 2009, preliminary figures were suggesting a 30 percent decrease in international tourist arrivals from 2008, and arrivals are likely to be further impacted downward by the financial crisis
- One-third of FDI since the mid-1990s has been in the tourism sector

. Competitiveness analysis

Strengths

- Rich cultural assets, such as Angkor Wat, give Cambodia a comparative advantage
- Cambodia has both improved its source market diversification, which should lower vulnerability, as well as enhanced its image as a safe travel destination

Competitiveness is low by global standards

- Cambodian tourism competitiveness is ranked by the WEF at 112/130; due in part to high energy and flight costs, as well as limited ICT and infrastructure
- Cambodia is cost competitive globally, however, it is surrounded by neighbours that perform better on this criterion

Sustainable growth needs to be improved, especially for the poor

- Cambodia is a 'new' destination, and there is a tendency for the initial rapid growth in arrivals to be difficult to sustain over the longer term
- The average length of stay is only 6.5 days, compared with 8.6 days in Thailand
- The pro-poor benefit in Siem Reap is very low, at an estimated 7 percent versus over 25 percent in Lao PDR (Luang Prabang) and in the central region of Viet Nam

Regulatory uncertainty and human resource quality

- There is uneven application of policies and rules
- Corruption increases business costs, competitiveness and growth potential
- The quality of human resources in the sector is low

Information and Communication Technology

. Trends

- Cambodia was the first country worldwide where the number of mobile phone users surpassed fixed landline users
- The ICT sector has been growing rapidly at a rate of 32 percent per annum over the last five years
- There are now 3.7 million mobile users in the country, representing 26 percent of the population
- There are only 17,000 Internet subscribers, the second lowest in ASEAN

. Competitiveness analysis

Legal and regulatory issues

- The ICT sector shows a high degree of openness, as the Ministry of Posts and Telecommunications (MPT) encourages the entry of mobile and internet service providers (ISPs)
- Cambodia has the second highest cost of Internet amongst ASEAN countries
- There is currently no clear, legal framework overseeing the ICT sector, and more specifically the telecommunications market in Cambodia. Two ministries are capable of issuing licenses on the same frequency, and this has allegedly led to licenses for the same frequency being issued to more than one operator, resulting in interference and a poor quality signal
- The duopoly on fixed landlines hinders both fixed line and internet competition. Internet access is lowered since broadband largely relies on fixed telephone lines
- International broadband connections are controlled by Telecom Cambodia (TC), and all ISPs must operate through these connections in order to provide broadband access. ISPs state that the high price of Internet connectivity stems in large part from the high prices that TC charges to connect

Infrastructure and human resource constraints

- Companies which are heavily reliant on ICT for their business operations face high operating costs in Cambodia, discouraging both the use of ICT in local companies as well as discouraging ICT reliant foreign companies from investing
- As individual telecommunications operators rely on their own infrastructure, interconnectivity is limited and leads to congestion in communications, especially among mobile telephones
- The lack of both an international and a domestic Internet exchange point means that all internal data must be routed out of the country and then back in, leading to an unnecessary usage of international bandwidth
- The low number of qualified ICT workers hinders competitiveness and increases turnover rates

Construction

. Trends

- Over 30 percent of construction projects may have been placed on hold due to the global downturn
- As a proportion of GDP in current prices, construction rose from 12.3 percent in 2003 to 22.4 percent in 2006, falling to 17.2 percent in 2007, close to US\$600 million
- Construction projects increased in value from US\$500 million in total in 2003, to over US\$3.2 billion in 2007

. Competitiveness analysis

Human resources

- Cambodian construction workers have the lowest wages across ASEAN countries, at US\$4.50 a day per worker as opposed to US\$7 in Thailand
- More highly skilled construction roles – such as architects, engineers, electricians, welders, and carpenters – are filled by foreign workers

Regulatory framework

- It takes approximately 710 days to get all the construction permits required to complete a project in Cambodia, as opposed to 200 days in Viet Nam and about 150 in Thailand
- It takes 31 days to clear each procedure in Cambodia, while in Viet Nam and Thailand it is about 15 days, and 7 in Lao PDR
- Foreign construction firms claim they often employ construction standards from their own country, and projects are not perceived by some to be monitored effectively by regulatory authorities
- Construction companies in Cambodia claim they often need to resort to paying unofficial fees in order to shorten timescales for regulatory approval
- The highly bureaucratic regulation of licensing in the construction sector may reduce its competitiveness