



Cambodia Trade Sector Wide Approach (Trade SWAp)

SUB-STEERING COMMITTEE ON TRADE DEVELOPMENT AND TRADE RELATED INVESTMENT TRADE DEVELOPMENT SUPPORT PROGRAMME (TDSP) 2010 WORK PLAN

Background data

Proposal Title	Study on Minimum Wages and Minimum Wages Negotiations in the Garment Sector
TDSP Registration Code	TDSP2009-038
Implementing Agency	Cambodian Federation of Employers and Business Associations (CAMFEBA)
Budget Requested (USD)	46'000
Pillar Focus	Pillar 1: Legal Reform
TDSP Component Focus	Component 1c: Other Legal Reforms and RGC WTO Obligations
Duration	3 months
D/ICO liaison officer	

Proposal brief

Outcome indicator	Minimum Wages are agreed upon between all parties for Cambodia's Garment Sector
Main objective	Support dialogue among stakeholders on minimum wages in Cambodian industry
Main activities	<ol style="list-style-type: none"> 1) Carry out a study on minimum wages to look at the various options available to employers 2) Support GMAC to continue to work closely with government and unions on the new proposals coming in from unions 3) Setting up a lobby strategy for the garment industry and its minimum wage (working group sessions, dialogue with government and other industries)

សម្រាប់នាយកដ្ឋានសហប្រតិបត្តិការអន្តរជាតិ For D/ICO Use

លេខឯកសារ (File Number)	
កាលបរិច្ឆេទទទួល (Date Received)	
ឈ្មោះមន្ត្រីទទួលបន្ទុកការងារ នៅ នសបអ (D/ICO Focal Point)	
ចំណាត់ការ (Actions to Be Taken)	

រាជរដ្ឋាភិបាលកម្ពុជា

(Royal Government of Cambodia)

កម្មវិធីគាំទ្រការអភិវឌ្ឍន៍ពាណិជ្ជកម្ម

Trade Development Support Program (TDSP)

ពាក្យស្នើសុំគម្រោង

(Submission of a Project Proposal)

ព័ត៌មាននេះជាមូលដ្ឋានសម្រាប់នាយកដ្ឋានសហប្រតិបត្តិការអន្តរជាតិ ជួយដល់លោក-លោកស្រី

ឱ្យទទួលបាននូវហិរញ្ញប្បទានសម្រាប់គម្រោងតាមរយៈកម្មវិធីគាំទ្រការអភិវឌ្ឍន៍ពាណិជ្ជកម្ម

(This information will be used by D/ICO to begin assisting you to obtain financing for a project through the TDSP)

I. ព័ត៌មានរបស់ភ្នាក់ងារដែលស្នើសុំ (Submitting Agency Information)¹

1. ឈ្មោះទីភ្នាក់ងារ (Submitting Agency) CAMFEBA (Cambodian federation of employers and business associations) and GMAC (garment manufacturers association of Cambodia)		2. កាលបរិច្ឆេទស្នើសុំ (Date Submitted) 6 December 2009
3. ឈ្មោះរបស់នាយកដែលបានស្នើសុំ និងព័ត៌មានទំនាក់ទំនង (Submitting Director and Contact Information)		Ken Loo, Secretary General, GMAC Sandra D'AMICO, Secretary General, CAMFEBA
លោក-លោកស្រី [ឈ្មោះ - តួនាទី]: Mr/Ms. [name, title]		
អាសយដ្ឋាន: (Address):	ទូរស័ព្ទ: (Tel):	អ៊ីម៉ែល: (E-mail):

¹ ព័ត៌មាននិងការទទួលខុសត្រូវនេះនឹងត្រូវបញ្ជាក់ជាផ្លូវការ មុននឹងអនុវត្តគម្រោង
(This information and responsibility would be confirmed officially before implementation)

<p>4. ទំនួលខុសត្រូវរបស់ទីភ្នាក់ងារ (Submitting Agency Responsibilities)</p>		<p>To coordinate and ensure effective implementation of the project in such a way that CAMFEBA can build on the research in the future and publish regular papers for its members regarding minimum wages and the impact on the investment climate if minimum wages are not considered effectively. For both CAMFEBA and GMAC to design a lobby strategy post the research to ensure close coordination between government and unions on renegotiating minimum wages in the garment industry.</p>
<p>ឈ្មោះ-អាសយដ្ឋាន-ព័ត៌មានទំនាក់ទំនង [name, address, contact information]</p>		

II. ព័ត៌មានសង្ខេបស្តីអំពីការដាក់ពាក្យស្នើសុំ (Submission Information Summary)

<p>1. ឈ្មោះការងារ (study on minimum wages and implementation of advocacy regarding minimum wages negotiation)</p>	<p>[ស្នើសុំដោយទីភ្នាក់ងារប្រតិបត្តិ] [Submitted by IA]</p>
<p>2. អ្នកទទួលផល GMAC members currently operation in Cambodia as well as CAMFEBA members in managing competitiveness of the workforce</p>	<p>[ស្នើសុំដោយទីភ្នាក់ងារប្រតិបត្តិ] [Submitted by IA]</p>
<p>3. កាលបរិច្ឆេទចាប់ផ្តើមការងារ (Task Start Date) ASAP</p>	<p>AS SOON AS POSSIBLE</p>
<p>4. កាលបរិច្ឆេទ បញ្ចប់ការងារ (Task End Date)</p>	<p>End march 2010</p>
<p>5. តម្លៃប៉ាន់ស្មាន (Estimated Cost)</p>	<p>គិតជាដុល្លារសហរដ្ឋអាមេរិក [ការប៉ាន់ស្មានដ៏ល្អបំផុតពីក្រាដិបូង] US\$30,000 to conduct the study US\$3,500 to host dissemination workshop including translation into Khmer/Chinese US\$6,500 for translation into Khmer and Chinese and printing</p>

	<i>printing on the white paper</i> US\$3,000 CAMFEBA overhead and coordination US\$3,000 GMAC overhead and coordination
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III. សេចក្តីពន្យល់ពិស្តារអំពីសំណើ (Detailed Request)

សូមឆ្លើយនូវសំណួរខាងក្រោមនេះ:

(Please answer the following questions):

1. បញ្ហាដែលត្រូវលើកឡើង និងកម្មវត្ថុនៃគម្រោង (សរុបប្រមាណជាមួយទំព័រកន្លះ)

(Problem to be Addressed and Objective of the Project (expand to about 1 1/2 pages in total)
 Minimum wages are set by the LAC and the current minimum wage is up for re-negotiation in 2010. Wage levels in the garment industry have been one of the key competitive attractions for the garment sector and workers have been able to benefit from performance based salaries earning between 90 – 120 dollars per month, significantly above the minimum wage of 60 dollars per month (excluding attendance, seniority bonuses and in some cases meal allowances provided by garment factory owners).

Unions have initially proposed a new revised minimum wage of 90 dollars or more. It is unclear how this proposal is being made and which are the driving factors of the wages. The garment industry implemented a Cost of Living allowance of 6 dollars for workers in 2008 which inflation was in excess of 25%.

To ensure that an appropriate minimum wage is set for the industry, the competitiveness of the industry and the survival for the industry given the impact the economic crises has had on the industry, a study needs to be conducted by a qualified independent agency for consideration and review and proposal for a new minimum wage.

Within the setting of the minimum wage for the garment industry, it is important to consider the impact of minimum wages on other industries that CAMFEBA represents to ensure that there is consistency and consideration for the impact overall on the investment climate and competitiveness of other sectors.

Given the need for GMAC to conduct a study as its industry requires to understand what a reasonable minimum wage is for the garment sector given the location of factories, cost of living issues, the industry competitiveness, CAMFEBA has requested that a broader study be conducted to understand:

1. The options and methods for minimum wage implementation for CAMBODIA to better understand how to address minimum wages on a broader scale
2. Assist GMAC in its efforts to remain competitive given the recent economic crises and the number of factories that have closed and jobs have been lost
3. Understand a reasonable minimum wage for the garment industry
4. Build a knowledge base off which further studies can be done should minimum wages in other sectors be introduced.

a) តើមានបញ្ហាអ្វីខ្លះ ដែលលោក-លោកស្រីនឹងលើកឡើង?

(What is the problem that you will address?)

1. Addressing the minimum wage in the garment industry that will be renegotiated in 2010 in a reasonable and constructive manner that considers the circumstances of workers and the economic climate.
2. Ensuring the garment sector remains competitive
3. Building a knowledge base off which to write further white papers on minimum wages in cambodia

b) តើអ្នកណាខ្លះដែលប៉ះពាល់ផ្ទាល់បណ្តាលមកពីបញ្ហានេះ ហើយសួរថា តើ ការប៉ះពាល់ទាំងនោះ

ឆ្លងឆ្ងាយយ៉ាងដូចម្តេច? (Who is directly affected by this problem and how seriously is he/she affected?)

1. The garment industry will be seriously affected if minimum wages are increased from 60 – 90 dollars per month – the proposal increases fixed costs for factories in excess of 50%.
2. Other industries will be affected if minimum wages in the garment sector are set too high
- 3.

c) តើបញ្ហាណាមួយ ដែលគម្រោងនឹងត្រូវពុះពារជាពិសេស? What part of the problem will the project specifically attack?

1. The project will implement a study that will provide options for consideration on minimum wages and provide stakeholders with the information they require to make reasonable and considered decisions regarding minimum wages implementation
2. The proposal will allow GMAC to take an informed negotiation stance considering broader industries and options for negotiation with data and substance for negotiation
3. The proposal will allow CMAFEBA to provide its members with data and information for further consideration on minimum wages and build a strategy to support members in the future regarding minimum wages implementation

d) តើគម្រោងនឹងត្រូវផ្លាស់ប្តូរវិធានការ និង / ឬស្ថានភាព មនុស្សដែលជាគោលដៅ

(អ្នកទទួលបានផលប្រយោជន៍) ជាលក្ខណៈបរិមាណ / គុណភាព ដូចម្តេច នៅពេលបញ្ចប់?

(How will the project have changed the targeted persons' (beneficiary) actions and/or situation (in quantitative terms/ qualitative terms) when it is completed?)

1. Successful negotiations and exchange of information between employers, unions and government would've occurred for setting a new minimum wage for the garment sector
2. Successful working groups from CAMFEBA to her members including the unions on minimum wages setting and the options for consideration.
3. Successful dissemination of information to all CAMFEBA and GMAC members regarding options for consideration and consolidating an employers voice and approach on minimum wages

e) តើអ្នកណាខ្លះទៀតដែលប៉ះពាល់ដោយប្រយោល បណ្តាលមកពីបញ្ហានេះ ឬបានទទួលប្រយោជន៍

ពីដំណោះស្រាយ? (Who else might be indirectly affected by the problem or benefit from a solution?)

1. Government will benefit from the data and information collected for consideration
2. Unions will benefit from the data and information collected for consideration

3. All tri-partite parties will benefit from better structured negotiations with data that will provide a reasonable base for negotiation rather than simply guessing what a minimum wage should be.

f). តើមានជំហានអ្វីខ្លះដែលលោក-លោកស្រីត្រូវធ្វើ ឬត្រូវដោះស្រាយ លើបញ្ហានានា

ដែលបានកត់សំគាល់នោះ ? (What other steps are you taking or are being taken to resolve the problem(s) you identify?)

1. closer coordination between employers associations who will be impacted by the minimum wage setting
2. Inclusion of key industries in the setting of minimum wages for the garment sector to ensure that other sectors are not disadvantaged by minimum wages set in the garment industry
3. Increased information exchange between government and unions regarding the impact of minimum wages.
4. Coordination of garment factories by GMAC regarding minimum wages and employers voice on different wage levels.
5. Coordination with unions on their approaches and proposals to ensure reasonable negotiations that result in a fair outcome for a sustainable industry and not negative press for the industry

2. វិធានការលម្អិត និងច្បាស់លាស់ដែលត្រូវធ្វើ: (Detailed and Concrete Actions to Be Taken):

a) តើសកម្មភាពអ្វីខ្លះដែលលោក-លោកស្រី ត្រូវធ្វើ ដើម្បីជួយដល់ អ្នកទទួលផលនានា ដែលជាផ្នែក

នៃគម្រោងនេះ? (What activities would you undertake to assist the beneficiaries as part of this project?)

- i. Camfeba will contract an independent local consulting firm who is qualified to conduct the study and look at the various options available to employers
- ii. GMAC will continue to work closely with government and unions on the new proposals coming in from unions
- iii. CAMFEBA/GMAC will work together on setting a lobby strategy for the garment industry and its minimum wage
 - a. CAMFEBA together with GMAC and other industry members will host working group sessions on the minimum wage setting of the garment sector and impact on other sectors
 - b. CAMFEBA and GMAC will coordinate closely with government and unions on ensuring that equitable salaries and a competitive and sustainable industry are “secured”
- iv. CAMFEBA will host a workshop on minimum wages to disseminate information regarding the options and opportunities for minimum wages setting

b) តើលោក-លោកស្រីត្រូវការ ធនធាន “inputs” អ្វីខ្លះដើម្បីបំពេញសកម្មភាពទាំងអស់នេះ ដូចជា (ទីប្រឹក្សា? សិក្ខាសាលា? ការិយាល័យ និងការផ្គត់ផ្គង់ដទៃទៀត? ជំនួយគាំទ្រការិយាល័យ?

បរិក្ខារតូចតាច?(What will be the “inputs” would you need to complete these activities (Consultant? Workshop? Office and other supplies? Office support? Small equipment?)

- i. External independent consulting firm/s to assist in the minimum wage study that is familiar with the Cambodian environment
- ii. Workshop on information dissemination and sharing with the unions and government (March / April 2010)
- iii. Printing of the white paper for consideration

3. តើលោក-លោកស្រី មានតម្រូវការបន្ថែមដែរឬទេ ដើម្បីអនុវត្តនូវគម្រោងនេះ?

(What additional assistance do you require in order to execute this project?)

- i. ជួយក្នុងការគណនាតម្លៃគម្រោង (help in costing the project).
Budget provided already
- ii. ជួយផ្តល់ប្រឹក្សាលើ ការពិនិត្យតាមដាន និងវាយតម្លៃ (advice on monitoring and evaluation)
Conducted by CAMFEBA and GMAC
- iii. ជួយផ្តល់ប្រឹក្សាលើ ការសរសេរតួនាទីនិងភារៈកិច្ច សំរាប់ទីប្រឹក្សា និងយថាប្រភេទ បច្ចេកទេសសំរាប់ទំនិញ និងបរិក្ខារ (advice on writing consultant terms of reference and technical specifications for goods and equipment) **I don't understand this....**
- iv. ការណែនាំលើ ការរៀបចំថវិកា និងកំណត់ពេលសកម្មភាព នៃគម្រោង (guidance on project budget making and activity scheduling)
 - CAMFEBA and GMAC will start with immediate contracting of consultants for the study
 - Project study to be completed by the end of March
 - Project implementation and advocacy strategy to be finalized from April - May
- v. ដទៃទៀត (others)