

Responsible Wage and Digitization: Empowering Cambodian Industry

Press Release, Dec. 6th 2023

PHNOM PENH, Dec. 6th 2023 - EuroCham's Responsible Business Hub (RBH) in collaboration with RISE, Better Factory Cambodia (BFC) and GIZ FABRIC Cambodia, organized the Public and Private Dialogue event titled "Responsible Wage and Digitization: Empowering Cambodian Industry" at Oakwood Premier, Phnom Penh. This gathering combined influential speakers, experts, and stakeholders to shed light on the evolving landscape of digital wages and literacy within Cambodia's private sector.

The global garment industry is rapidly adopting digital wage systems for their speed, transparency, and efficiency. Beyond these advantages, responsible digital payments have the potential to empower workers, especially women, by providing them greater control over household finances.

Despite benefits, Cambodia's garment industry lags in adopting digital wage payments, according to Better Work (ILO) data. With nearly one million workers, 80% women, approximately half still receive cash wages twice a month.

In the midst of this, Cambodia's financial landscape is evolving rapidly, accelerated by the COVID-19 pandemic's push toward digital transactions and reduced physical interactions and the event focused on the myriad ways in which workers can benefit from enhanced financial literacy and wage digitization

The event featured representatives from the Ministry of Labour and Vocational Training (MLVT), the National Bank of Cambodia (NBC), Better Factories Cambodia (BFC/ILO), RISE, NGO partners and private sector representatives.

The event opened with remarks from Mr. Martin Brisson, Executive Director at Eurocham. He highlighted Eurocham's commitment to a more sustainable business eco-system and stressed the significance of multi-stakeholder partnerships in addressing pressing issues, such as improving financial literacy and worker well-being in Cambodia.

Mr. Heng Bomakara, First Deputy Director General at the National Bank of Cambodia (NBC), provided updates on the implementation process of the National Financial Inclusion Strategy (2019-2025). He underscored the importance of financial inclusion for sustainable economic growth and highlighted challenges, such as the prevailing poor level of financial literacy in the country.

Ms. Sara Park, Programme Manager at Better Factories Cambodia (BFC-ILO), emphasized the weight of digital wage adoption for both employers and workers. She outlined benefits such as cost savings, improved transparency, and empowerment, particularly for women. Ms. Park concluded with five specific recommendations to foster digital wage systems: ensure proper conditions to guide workers in their choice to have a digital bank account for their wages; procedure accessibility and legitimacy of adopted procedures, ensuring they are clear and user-friendly; transparency and privacy from financial service providers; equal opportunities and equal access for all workers to engage in digital wage systems; fair competition among financial service providers in the digital wage space.

Mr. Sok Sethypong, Lead of RISE Cambodia, shared significant data about the benefits of responsible wage digitalization on women and businesses. In Cambodia, RISE and Mastercard Center for Inclusive Growth have partnered since 2019 to support and scale gender intentional wage digitalization in the garment sector. Through this partnership, employers receive guidance and advice on planning, and digitizing their payroll. The momentum in wage digitalization in Cambodia provides an entry point for improving garment workers' financial health.

During the panel discussion, representatives from the Ministry of Labour and Vocational Training (MLVT), Better Factories Cambodia (BFC), Cambodian Women for Peace and Development (CWPD), the Textile, Apparel, Footwear, Travel Goods Association in Cambodia (TAFTAC), iCare underscored key insights, with a particular emphasis on the importance of the creation of the right environment to encourage employers and workers in fostering the adoption of digital wage payment systems. Continuous education on financial literacy still remains the key pre-condition to improve the wage digitalization in Cambodia, together with strategic multi-stakeholder partnerships, including financial service providers.

While the event's discussion was a milestone in addressing all these pressing issues, it was also a day of celebration of the first anniversary of the Responsible Business Hub (RBH)—an initiative that has not only exemplified EuroCham's commitment to fostering a sustainable business ecosystem but it has also emerged as the pioneering project in Cambodia advocating for human rights and environmental due diligence (HREDD). Ms. Sara Monti, RBH Coordinator, showed the RBH key achievements of this first year and revealed the key activities for the 2024/25 agenda thanks to the ongoing collaboration with EuroCham partner GIZ FABRIC Cambodia.

In his closing remarks, Mr. Hasso Anwer, Project Manager at FABRIC of GIZ, highlighted that considerable progress has been made in the digitization of wage payments in the Cambodian garment sector over the last years, when the digitization rate increased from around one third to two thirds of the factories. This is in the interest of industrial buyers in Cambodia eager to manage human rights risks in their supply chain, he added, as digital wage payments provide transparency and contribute to better labour law compliance. Mr Anwer underlined that both factories and workers can benefit from this in the form of cost-efficiency and productivity gains for the factories, and financial inclusion and capacitation for workers. Yet, he maintained that there are also pitfalls for the workers who often have no or little previous experience in managing personal finances and dealing with a bank account, even less a digital one, and who may already be highly indebted. Therefore, Mr Anwer continued, constructive collaboration is needed between brands, factories, financial service provider, and NGOs offering capacity-building to workers, to manage wage digitization in a responsible manner. This includes ensuring the availability of customer service to the workers, ensuring favourable fee structures of the digital payroll system, and encouraging savings instead of credit. Mr Anwer announced that GIZ-FABRIC cooperates with CGT and RISE to make an onsite advisory service available to factories willing to digitize their wage payments in a responsible way and invited interested brands and factories to participate.

The event was a great success and EuroCham's RBH would like to thank all the speakers and panellists for their invaluable contributions.

About EuroCham Cambodia

The European Chamber of Commerce in Cambodia (EuroCham Cambodia) was created in 2011 by

French, German and British business associations in Cambodia to act as the official chamber of the European business community in the Kingdom. Since then, it has grown to over 300 members and 5 national chapters, comprising 11 European countries. EuroCham Cambodia's core activities are to promote, support and represent its members and European business interests in dialogue with the Royal Government of Cambodia, with the aim of developing a more efficient and fertile business and investment environment for all.

EuroCham's key objectives are to

- Consult & advocate on key issues related to doing business in Cambodia;
- Promote investment to Cambodia
- Work to improve access for European business to the Cambodian market, and vice-versa; and facilitate business between small and medium size companies of Cambodia and EU Member States;
- Provide services relating to economic, legal, technical, financial, market and other business issues in the EU and Cambodia and industry specific information to investors;
- Promote a strong European Union business identity vis-à-vis the Cambodian business community;
- Work closely with Cambodian stakeholders in supporting inclusive and sustainable growth of the Cambodian economy.

For more information, please contact:

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About the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is Germany's

leading provider of international cooperation services. As a federal enterprise, we support the German Federal Ministry for Economic Cooperation and Development (BMZ) in achieving its objectives in the field of international cooperation for sustainable development. We are also engaged in international education work around the globe. GIZ's project "Fostering and Advancing Sustainable Business and Responsible Industrial Practices in the Clothing Industry" (FABRIC) in Cambodia is addressing sustainability in the textile and garment industry in its social, economic, and environmental dimensions, encompassing a more comprehensive approach on engaging the private sector in project activities. The project is also working in Bangladesh, Cambodia, Myanmar, Pakistan, Vietnam and cooperates with actors in China, supporting the efforts of business representatives, government institutions, civil society, and trade unions to build an industry that offers quality jobs, protects the environment, and contributes to economic growth.

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About Better Factories Cambodia (BFC)

Better Factories Cambodia (BFC) is part of the Better Work Programme, a collaboration between the International Labour Organization and the International Finance Corporation, which operates across twelve countries to catalyse change along global supply chains in the garment industry. The work of BFC has helped to spur improvements in factory working conditions and workplace environment across the industry since 2001. For more information, please contact:

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About RISE

RISE: Reimagining Industry to Support Equality is an initiative to support collaborative industry action at scale to advance gender equality in global garment, footwear and home textiles supply chains. RISE brings together the fashion industry's four largest women's empowerment programs from BSR's HERProject, GAP Inc. P.A.C.E, CARE and Better Work with 15+ years' experience of implementing women's empowerment programs in global supply chains to build from proven approaches. RISE focuses on three interconnected priorities with the potential to create transformational improvements in the lives of women workers and support improved business outcome including Financial Health, Prevention of Gender Based Violence and Harassment and Women's Advancement and Leadership. <https://riseequal.org/>