



# Action is needed

The case for higher wages for apparel workers in Cambodia

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## About this report

This report has been commissioned by CNV Internationaal.

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## Summary

CNV Internationaal is a part of CNV, the second largest trade union in the Netherlands. Its main goal is to promote Decent Work globally by partnering with trade unions in 14 countries across Latin America, Africa, and Asia. CNV Internationaal has increasingly prioritised labour rights in supply chains, particularly in the textile industry in Cambodia, Indonesia, and Vietnam. In this context, CNV Internationaal works with local trade unions to ensure fair working conditions for apparel sector workers, including fair wages, safe workplaces, and freedom of association. Their reach in the apparel sector spans sub-sector like garments, footwear, bag, furniture, printing and other textiles sub-sectors.

With this background, CNV Internationaal has been running a participatory digital survey in the garment and footwear sectors in Cambodia since 2022. This innovative method collaborates with trade union partners to gather perspectives directly from workers using KoboToolbox and KoboCollect. The results presented here are part of the third report of the Fair Work Monitor for the Cambodian garment sector. They will inform the advocacy activities of Cambodian unions in the context of annual minimum wage negotiations in tripartite negotiations and the analysis thus focuses on the gap between current workers' income and a living wage.

All \$ values refer to US dollars.

The key takeaways from this research are that:

- Most workers are earning minimum wage or slightly above it. Currently in Cambodia in the Textile, Garment and Footwear sector, this amounts to \$202 a month for probationary workers and \$204 a month for regular employees. Almost all workers are earning less than \$225 per month as a basic wage, and thus less than the GLWC Living Wage estimate of \$230 per month.
- Cost of living has decreased due to slowing inflation, lower energy prices and a cautious rebound of the Cambodian economy. However, the actual income of workers (i.e. basic salary plus performance bonus, seniority bonus and travel allowance) is still insufficient to afford them basic expenses. There is a gap of 41% between take-home salary and living expenses of workers.
- In order to cover for basic expenses, a significant number of workers have to borrow money (73% of workers in 2024 compared to 77% in 2023). The median amount of borrowed money has started increasing in the past years from \$5,000 in 2023 to \$6,000 in 2024. Some workers are even indicating that they are in cycles of debt, meaning that they are borrowing from one source to pay off another debt. This worrying trend is further consolidated by the fact that the majority of the workers (82% in 2024 compared to 70% in 2023) is unable to save any money for unexpected events.
- Parents and other carers are particularly vulnerable to these shocks. Workers with children dependent on their income make up 73% of all respondents. These workers have the lowest among of savings and highest monthly expenditure compared to single, married and widowed workers with no dependent children. Given one estimate that the garment, textile and footwear sector in Cambodia directly provides income to support a fifth of households in the country,<sup>1</sup> these results are alarming.

In this context, the recommendations at the end of this report aim to improve the information base for negotiating minimum wages in the future and addressing some of the key issues arising from this study.

## Abbreviations

<b>GLWC</b>	Global Living Wage Coalition
<b>CBA</b>	Collective Bargaining Agreement

# 1

## Methodology

**With the success in distributing this survey, there were 2,405 respondents contributing their views, more than double the previous year in 2023. The respondents were fairly evenly distributed among the 92 participating factories (each accounting for between 2.5%-0.8% of respondents) providing valuable insight into the perspectives of workers in this dominant sector of Cambodia. In this section, we explain the methodology used to collect these insights, and the limitations of our approach.**

### 1.1 A participatory digital survey

In 2021, CNV Internationaal, with support from Profundo, developed the participatory digital monitoring survey as part of the Fair Work Monitor. The purpose was to monitor the state of labour rights across various international supply chains, from the perspective of workers in partnership with trade unions. This innovative use of digital tools to conduct surveys is establishing new ways of engaging with workers. Moreover, it marks significant progress towards fostering a social dialogue that meaningfully includes workers.<sup>2</sup> This tool was initially applied to the cane sugar sector and has since extended to the mining, palm oil and garment sectors. In Cambodia, the first survey was conducted in a pilot in 2022.

The third iteration of the digital survey was conducted between March 1 and April 14, 2024, among workers in the garment, footwear, bag, and furniture sectors. CNV Internationaal collaborated with seven trade union partners (C.CAWDU, FUFU, FTUWKC, CATU, CUMW, INTUFE, CLC) to distribute the questionnaire to 92 factories in which these unions are active. The survey was administered to both unionised and non-union workers through KoboCollect, an open-source Android application that allows users to answer the survey instrument (i.e., the questionnaire) on- and offline. Answered questionnaires were uploaded to the KoboToolbox platform for aggregation and data analysis. The questionnaire was written in Khmer to make it accessible to all workers.

Respondents worked in the garment, footwear, bag, furniture, and printing sub-sectors (hereon referred to collectively as the apparel sector) and were chosen following a convenience sampling method. This means that workers were selected at random from a readily available group. To appropriately support workers in filling out the survey, each trade union assigned one of its members to work as a data collector for each factory. These data collectors received training beforehand from CNV International on how the survey worked, how they could assist the workers in filling it in on their phones, and the meaning of questions to avoid confusion. The data collector was unable to see the responses entered by each worker. Entries submitted to KoboToolbox through KoboCollect were automatically anonymised to ensure safety of the workers.

### 1.2 Limitations of the approach and assumptions made

The PDM presents a great opportunity to directly capture the voices of workers, their concerns, and their perspectives. Despite its virtues, the participatory digital survey has some limitations which must be considered when interpreting the results, including:

- Because of the non-probabilistic sampling method, the respondents may not be representative of the sector's workforce. For example, because of the role the trade unions played in

distributing the survey, most of the respondents (84%) are union members, higher than other estimates on the overall share of unionised workers in the garment, textile and footwear sector.<sup>3</sup> A 2013 source estimated that 60% in the garment industry are union members.<sup>4</sup>

- Like in previous years, some respondents answered the questionnaire at the workplace, sometimes with support from trained union members, meaning their responses may have been influenced.
- Comparisons to 2022 and 2023 survey results have been provided, though it should be noted that there are substantial differences in sample size and potentially the sample composition.

Moreover, some assumptions were made to fill in information gaps. Workers were only asked the location of the factory where they worked and not specifically where they lived. Thus, the results here assume that workers are living in the same province where the factory is located, but this may not always be the case. It is known, for example, that workers in factories in urban areas like Phnom Penh often commute from other nearby provinces.

Moreover, only married or widowed people were asked about their family status relative to children. The questionnaire employed a skip logic whereby persons who reported being single were not asked whether they had children, or had children depending on their income. The resulting analysis thus assumes all single people are childless. Given the high number of married and/or widowed respondents with children in this study (see Section 2.4), it is likely that single parents opted to describe themselves as married and/or widowed.

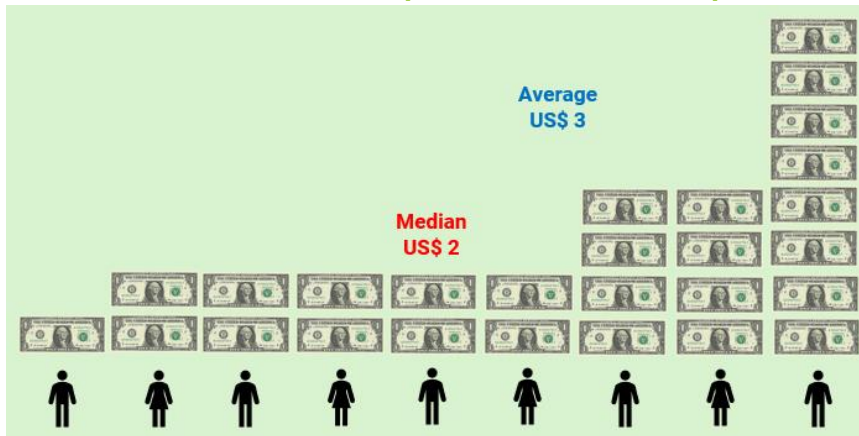
Finally, a small number of people reported working overtime and not being paid for their overtime work, but when asked separately if they received payment for overtime, all answered with “Always.” Similarly, some respondents indicated working zero hours overtime but receiving a food allowance for overtime. Thus, there are discrepancies with overtime answers which need to be resolved, and while the results on overtime and food allowance during overtime have been included in this report, they may have slight inaccuracies for unknown reasons.

All dollars (\$) throughout the report refer to US dollars.

### 1.3 Median versus average

Throughout the report, both median and average values for income and expenses are used. Medians are an important tool when analysing income levels especially because a few very high earners may skew the average and make it look like the respondents are overall earning much more than they really are. To illustrate this further, the example in Figure 1 shows how the median can provide a more accurate representation of income and spending.

**Figure 1 Median as a more representative value compared to average**



Source: Profundo



Here, the sample tells us that, on average, people are making \$3 (i.e., \$27 divided by 9 people), but the median tells us that the poorest half of the study population makes \$2 or less. The average value is higher than the median because although most workers earn low salaries, there are a few earning very high salaries skewing the total average. Thus, the average here does not reflect what the person “in the middle” earns. In other words, the average takes above-average values into account, whereas the median reflects a more representative value of both above- and below-average values.

Because of the large sample size of 2,405 respondents for the survey this year, looking at the average for the whole cohort often gives us an accurate representation, and the averages are usually close to the median. However, when looking at sub-sets of the sample or smaller groups of workers, like women in footwear, or workers doing overtime, for example, the median gives us a better idea of what most workers are earning and spending. For this reason, throughout the report, both medians and averages are used to ensure a complete understanding of what workers in the Cambodian garment industry are earning and spending in 2024.

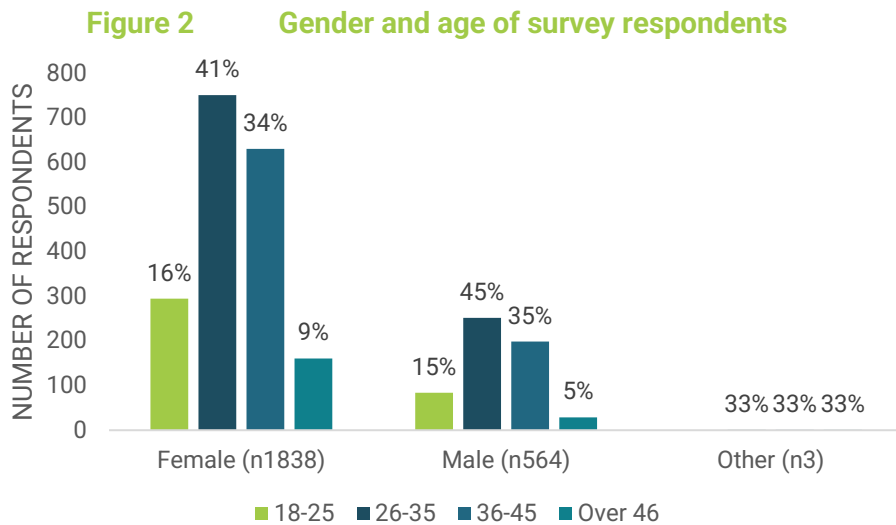
# 2

## Profile of surveyed workers

In this section, we explore in more detail the characteristics of the surveyed workers.

### 2.1 Gender, age, and position

Even though the number of respondents more than doubled compared to 2023, the distribution of gender, sub-sector, and age groups remained very similar. Most respondents (1,838 respondents or 76%) are women, many of them young between 18-35 years old (Figure 2) and working in the garment industry (Table 1). The trends in this survey’s respondent demographic are in line with surveys from past years and the young, literate, and highly feminised sector at large.<sup>5</sup>



Questions: How old are you? What is your gender?

One difference in this year’s survey is that factories in the bag, furniture and printing sector were included in the survey, allowing further insights into the potential differences between these sub-sectors. There is a big difference in sample size, however, with almost all respondents in the garment sector (Table 1).

**Table 1 Gender of respondents by sector**

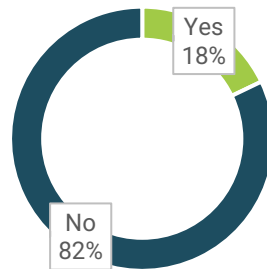
Gender	Garment	Footwear	Bag	Furniture	Printing
Female	1,376	259	176	11	16
Male	397	69	83	11	4
Other	1	2	0	0	0

Question: What is your gender? What sector are you working in?

Another key difference in this year’s survey was the visibility afforded to respondents with non-normative gender identities. For one, there was the possibility to choose an ‘other’ category when identifying the gender, alongside ‘Male’ and ‘Female’. Three (3) respondents identified neither as

men nor women, a path to visibility for workers compared to previous years. Secondly, a question was included on whether respondents identified as LGBTQI+, to which almost a fifth (18%) of all respondents responded positively (Figure 3). These developments in the survey are crucial to continue understanding gender-based discrimination in the garment industry, especially as they are known to impact women and LGBTQI+ people disproportionately.<sup>6</sup>

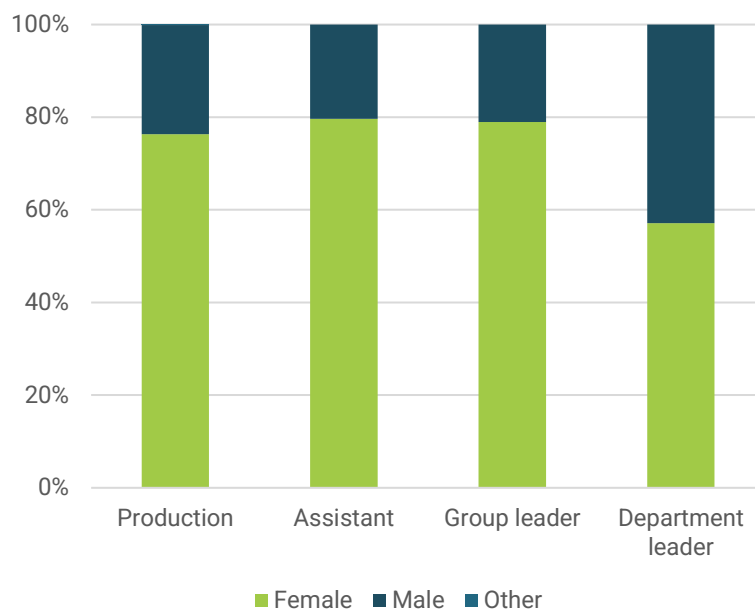
**Figure 3 Respondents identifying as LGBTQI+**



Question: Do you identify as part of the LGBTQI+ community?

With regards to the jobs conducted by the survey respondents, the vast majority (2,306 respondents or 96%) of workers, both male and female, were employed in production (Figure 4). The rest reported being group leaders, department leaders and assistants. Nobody responded as working in human resources or as a manager or general manager.

**Figure 4 Gender of respondents by position**



Question: What is your gender? What position do you have in the factory?

## 2.2 Location

Every worker responded that they were born in Cambodia and reported their permanent residence as being in Cambodia. This is representative of the fact that preference must be given to Cambodian nationals when hiring.<sup>7</sup> There is no further detail in the survey about whether workers had migrated from other parts of the country to work in the garment factories.

Respondents working in Phnom Penh make up the largest share of survey respondents (36%), with Kampong Speu and Kandal each representing another fifth of respondents (Table 2). These figures

do not indicate necessarily that all these workers are from or living in Phnom Pnem, as it is known that many people working in Phnom Penh commute from nearby provinces. An ILO survey shows that almost 18% of the garment, textile, and footwear workforce in Cambodia originate from Phnom Penh, with Kandal being the next largest host province from which 15% of the workforce originates.<sup>8</sup>

**Table 2 Where are respondents working?**

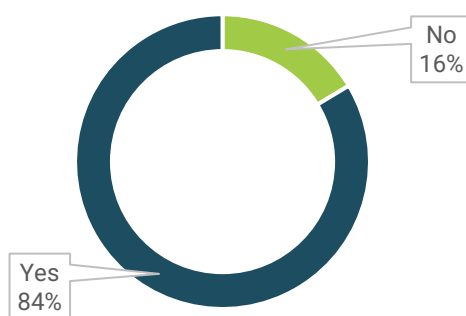
Location of factory	Share of all respondents
Phnom Penh	36%
Kampong Speu	20%
Kandal	18%
Svay Rieng	11%
Kompong Chhnang	5%
Takeo	5%
Prey Veng	2%
Tbung Khmum	1%
Banteay Meanchey	1%
Preah Sihanouk	1%
Grand Total	100%

Question: What is the location of the factory you work?

### 2.3 Union affiliation

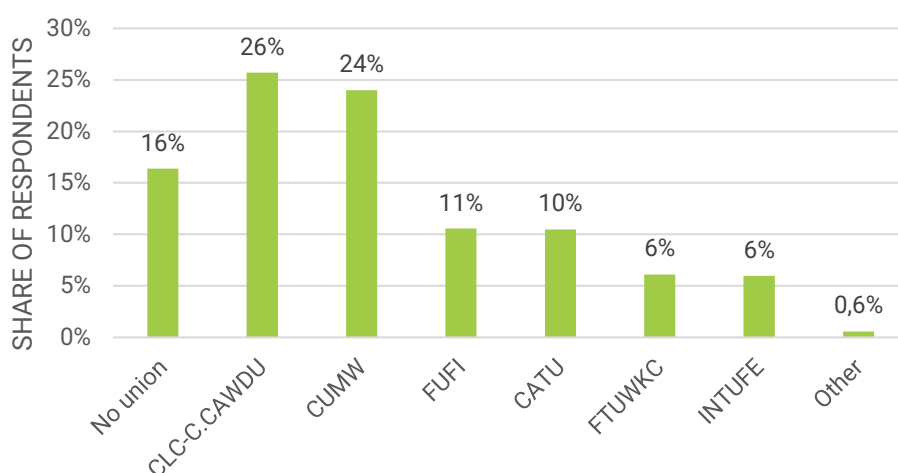
Most respondents (84%) are affiliated with a union (Figure 5). Six unions make up most of those with which respondents are affiliated, but a few participants were also part of some other unions (Figure 6). Ten (10) respondents, or 0.6% of respondents are part of different unions.

**Figure 5 Respondents affiliated with a union**



Question: Are you affiliated with a union?

**Figure 6 Unions included in the survey**



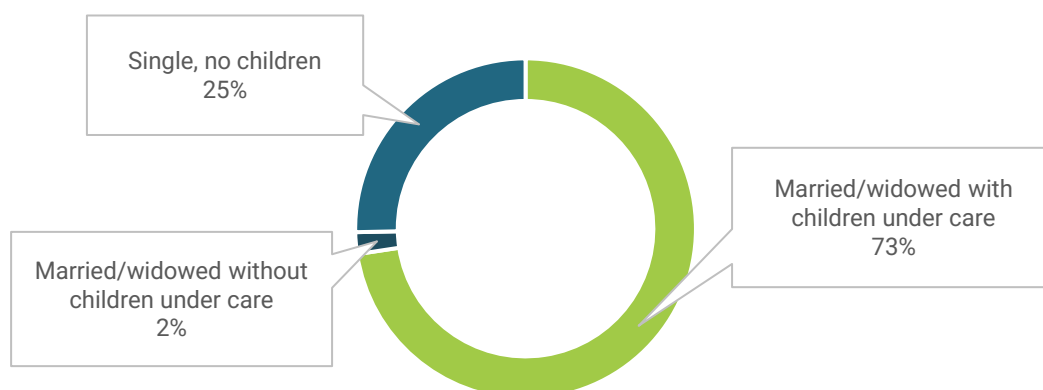
Question: Which union are you affiliated with?

This high share of unionisation among respondents is not surprising given how the survey was distributed through trade union partners in the sector (see section 1.1 for more on the methodology). Indeed, because of this, these figures are not representative of the apparel sector or sub-sectors as a whole, even though it has been noted that the apparel sector in Cambodia has uniquely high rates of unionisation. A 2013 source estimated that about 1% of the total Cambodian workforce was unionised, whereas 60% in the garment industry are union members.<sup>9</sup>

## 2.4 Family status and household

Three-quarters (75%) of respondents report being married or widowed (Figure 7). This share of married and/or widowed workers is much higher than that noted for the sector as a whole, where 47% of garment, textile and footwear workers have never been married.<sup>10</sup> This may be due to the inclusion in these statistics of workers aged 15-17 years old who are all likely to be single, whereas this survey includes only those 18 years or older.

**Figure 7 Family status of respondents**

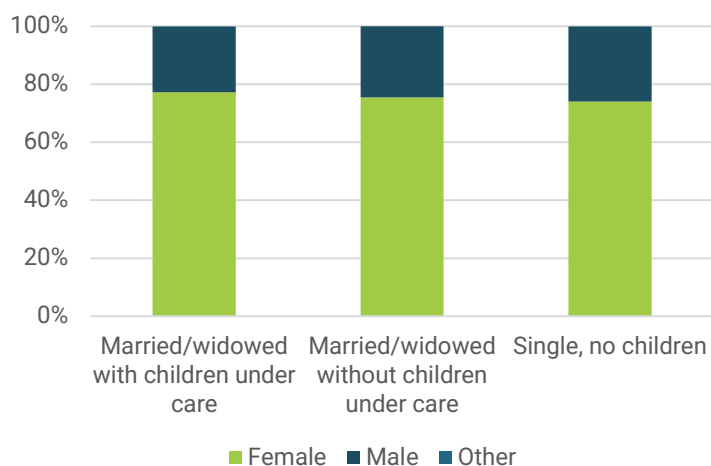


Question: What is your marital status? How many children (under 18) do you support based on your income (not including yourself)?

Most respondents (73%) are married or widowed with children under their care (Figure 7). Among the different family statuses, there is even distribution between genders (Figure 8) which is more or less in line with the sector as a whole.



**Figure 8 Family status by gender**

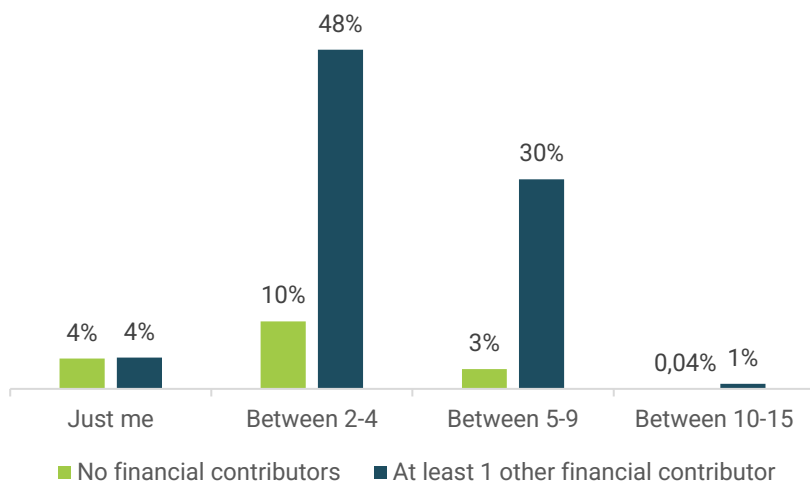


Question: What is your gender? What is your marital status? How many children are under your care?

The share of people with dependents is even higher when considering workers who have people under their care who are not children, e.g., the elderly, relatives, etc. If counting all those under the care of respondents (i.e., children, the elderly, relatives, etc.), the survey shows that 88% of respondents have at least one person under their care.

Finally, respondents also shared how many people are living in their household, and whether there are additional financial contributors in their households. Given the high proportion of married respondents with people under their care, it is clear to see that a majority (83%) of respondents have additional financial contributors in their household (Figure 9).

**Figure 9 People in household and additional financial contributors (% of all respondents)**



Question: How many persons are there living in your household including yourself? How many (contributing) wage earners / financial contributors are there in your household (excluding yourself)?

# 3

## Living wages in the apparel sector

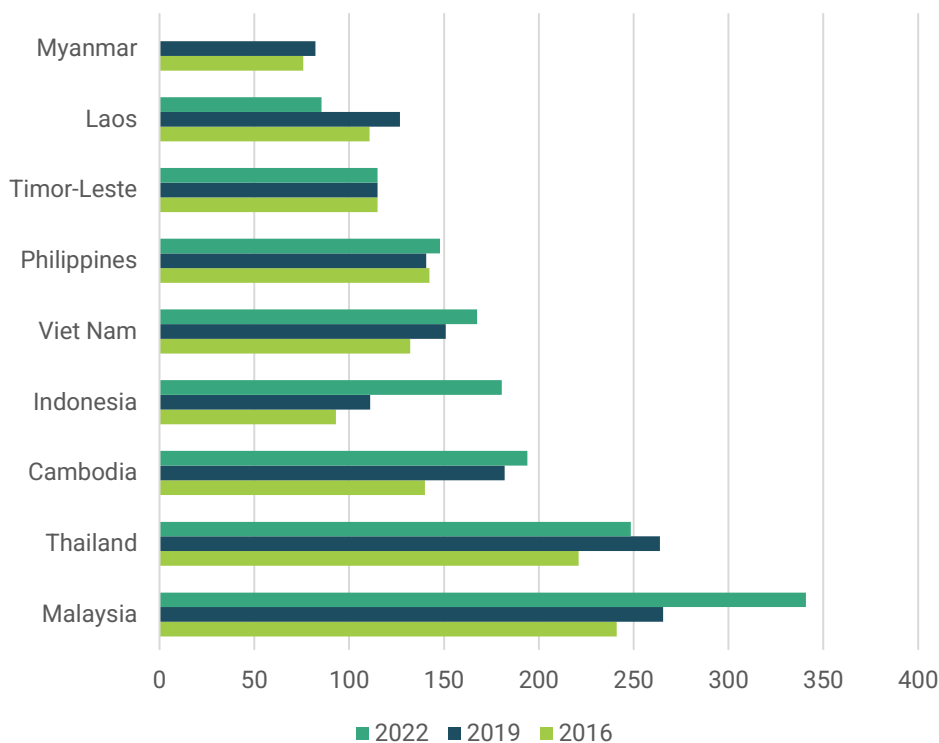
In this section, we present findings on wages and income in the apparel sector in Cambodia, as well as the current state of the cost of living for surveyed workers. This includes looking at savings, debt, and workers' perceptions of the sufficiency of their income to support their way of living. In the final section, we present the findings from this year compared to previous survey years in order to understand whether surveyed workers are currently making what can be considered a living wage.

### 3.1 Wages and income

#### 3.1.1 Minimum wage and living wage in Cambodia

Looking at minimum wage across South East Asian countries shows that Cambodia is currently in the top 3 countries with highest minimum wages (Figure 10). Minimum wage in some countries in South East Asia are decided on a regional basis – this is true of Indonesia, Philippines and Vietnam.<sup>11</sup> Malaysia, Thailand, and Cambodia work with a national minimum wage.<sup>12</sup>

Figure 10 Minimum wages in South East Asia (USD)



Source: ILOSTAT, *Statutory nominal gross monthly minimum wage 2016-2022*, viewed in April 2024.

It is important to contextualise these figures across South East Asia. Though Cambodia, Malaysia, and Indonesia have among the highest minimum wages in the region, they also have larger gaps to

close between their minimum wage and living wage estimations. According to the Clean Clothes Campaign, there is a 25% wage gap in Cambodia between minimum and living wage, 54% in Malaysia and 31% in Indonesia.<sup>13</sup> This means that workers on minimum wage in Cambodia need to be earning 25% more in order to achieve a living wage. Thus, although workers are earning higher minimum wages than elsewhere in the region, their income from paid work is not going far given, for example, the higher costs of living.

Indeed, the minimum, median and average wages of surveyed workers fall short of the Global Living Wage Coalition 2023 estimate of a living wage in urban areas of Cambodia, based on the Anker methodology (Table 3). The results of this survey corroborate this gap.

**Table 3 Comparing wage benchmarks (in US\$)**

Benchmark	2022	2023	2024
National Minimum Wage (Apparel sector, probationary worker)	192	198	202
National Minimum Wage (Apparel sector, regular employee)	194	200	204
Median Basic Wage 2024 (surveyed workers)	195	200	204
Average Basic Wage 2024 (surveyed workers)	209	204	206
GLWC Living Wage	231	231	230

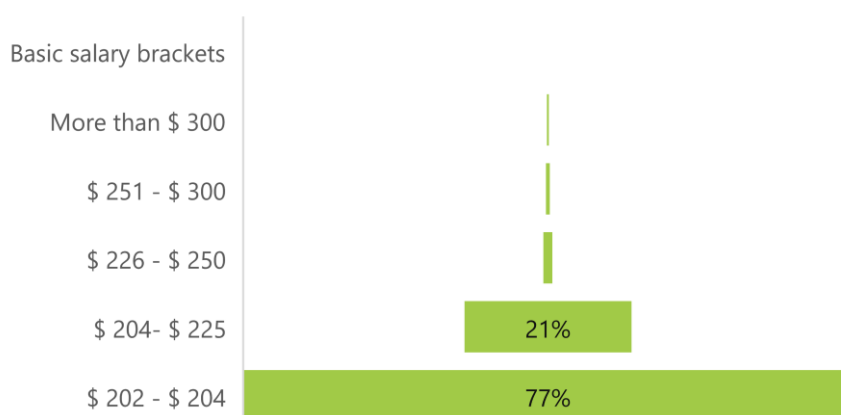
Sources: Wageindicator (n.d.), *Minimum wage – Cambodia*, online, viewed June 2024; Global Living Wage Coalition (2023), *Anker Reference Value Annual update 2023: Urban Cambodia*.

Notes: the 2024 GLWC Living wage in local currency went up compared to 2023 (from KHR 947,493 in 2023 to KHR 947,792 in 2024) but the exchange rate is more favorable today (from KHR 4092.10 = \$1 to KHR 4124.3 = \$1), hence the lower figure in USD; Minimum wage in Cambodia is defined for the Textile, Garment and Footwear sectors, here referred to as the 'Apparel' sector

### 3.1.2 Basic monthly salary

More than three quarters (1,849 workers or 77%) of respondents are making between \$202-\$204 a month (Figure 11). This likely means that these 77% of respondents are on minimum wage (i.e., \$202 a month for probationary workers, \$204 a month for regular employees). Almost all workers (98%) are earning less than \$225 a month for their basic salary, or under the GLWC Living Wage estimation.

**Figure 11 Basic monthly salary (USD) and number of respondents**

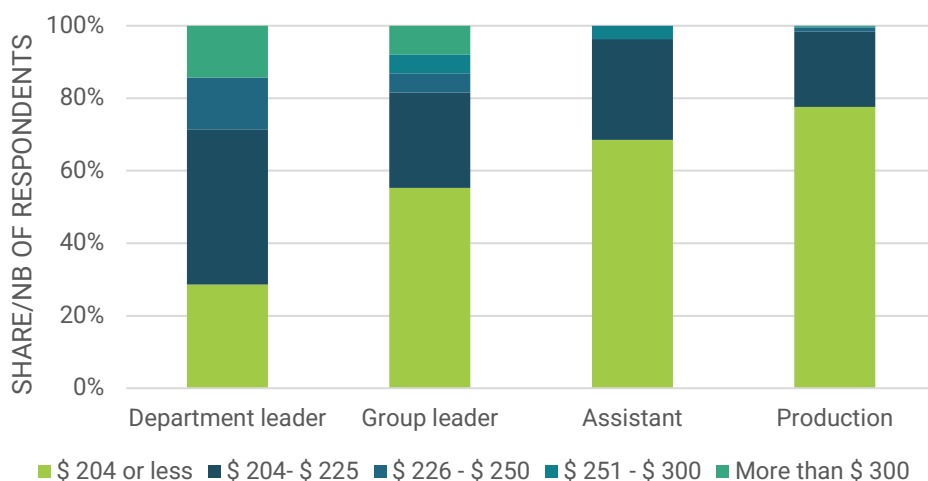


Question: Please specify your basic salary per category (per month).

In general, management positions (assistants, group leaders and department leaders) are paid higher salaries (Figure 12). Most of those earning minimum wage (i.e., \$202-204) are workers in

production, but some assistants and those in higher management positions (group leader, department leader) are also earning minimum wage.

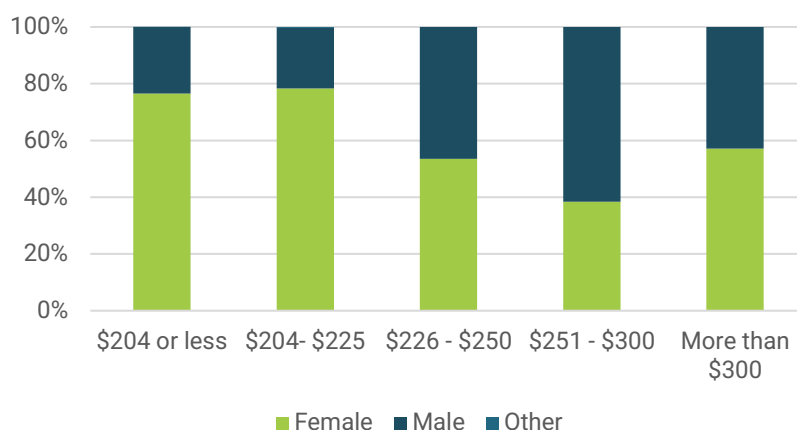
**Figure 12 Basic monthly salary (USD) by position**



Question: Please specify your basic salary per category (per month). What position do you have in the factory?

There are more men earning higher salaries (Figure 13), likely because they occupy more of the non-production positions. This gender wage gap in the Cambodia apparel sector has been noted elsewhere.<sup>14</sup> It shows that on the whole in the garment, textile and footwear sectors, women are earning 13% less than their male counterparts.<sup>15</sup> The findings are dependent on sector, however, with the largest gaps being noted in garments, where a vast majority of workers are women.<sup>16</sup>

**Figure 13 Proportion of genders earning basic monthly salary (USD)**



Question: What gender are you? Please specify your Basic salary per category (per month).

### 3.1.3 Additional payments

On top of the basic salary, workers in this sector are also legally entitled to be paid:

- Performance (or attendance) bonus of \$10 per month, including for casual, probationary and piece-rate employees;
- Skilled labour (or seniority) bonus between \$2-11 per month for workers in their second to eleventh years of employment;
- Transportation or accommodation allowance of \$7 per month;
- Meal allowance of \$0.5 per day, or one free meal per day.<sup>17</sup>

The findings show that these legal entitlements are not being applied consistently among the surveyed workers (Table 4) and those who are missing out on additional payments are almost always working for less than \$225 per month.

**Table 4 Additional payments (USD)**

Indicators	Performance bonus	Skilled labour bonus	Overtime payment*	Travel allowance	Food allowance for overtime	Food allowance during lunch
Surveyed workers paid	96.5%	38.7%	70.8%	99.8%	75.3%	55.7%
Lowest amount	\$1	\$1	\$0	\$4	\$1	\$5
Highest amount	\$30	\$158	\$99	\$15	\$30	\$19
Median (Average)	\$10 (\$11)	\$9 (\$10)	\$32 (\$33)	\$8 (\$9)	\$10 (\$10)	\$12 (\$11)

Question: Please specify your income per category (per month in dollar, net); Performance bonus; Skilled labour bonus; Over time; Travel allowance; Food allowance in average for overtime; Food allowance in average.

Note that median and average for overtime payments only considered those who reported doing overtime.

Everyone is entitled to a performance bonus – also called an attendance bonus, the law states that employees in the garment, textile and footwear industries who attended their applicable work days must be paid a bonus of at least \$10 per month, including for casual, probationary and piece-rate workers.<sup>18</sup> A small but present percentage of workers are not receiving their performance bonus, and some are reporting receiving as little as \$1 despite the legal requirement of \$10 per month.

One large gap in entitlements is the skilled labour bonus, also called the seniority bonus, which should be awarded monthly to those who have worked at the company for at least a year. The amount of the bonus is proportionate to the amount of years worked (e.g., 1 year of seniority is a \$2 bonus, 5 years seniority is a \$6 bonus).<sup>19</sup> Among survey respondents, 89% have been working at their factories for over 1 year, but only 39% are receiving a skilled labour or seniority bonus. This means that 40% of workers who are entitled to a skilled labour bonus are not receiving it per the law.

Finally, 56% of respondents receive food allowance for lunch, and another 13% receive meals in kind. This means that almost a third of workers (31%) do not receive food allowance or meals for lunch.

A considerable number of workers (71%) are still working overtime, though this has decreased since previous years (see comparison in Section 3.5). In another recent study, workers have attributed a decline in the availability of overtime work (which is paid higher than regular working hours) as a result of a general decline in the industry after the COVID-19 pandemic, and pressure to meet higher production targets during regular working hours.<sup>20</sup>

Almost everybody (99.8%) gets some travel allowance (Table 4), in line with the requirements that employers must provide either transportation or housing, or alternatively pay workers at least \$7 per month as an allowance.<sup>21</sup> However, there are at least 6 respondents reporting that they do not receive any travel allowance, and there were no follow-up questions asked regarding whether they are provided transportation or housing as an alternative. Moreover, the lowest paid amount for travel allowances was \$4, which falls short of the legal minimum of \$7 a month.

### 3.1.4 Method of payment



The transition to digital wage payments has gained considerable momentum in the Cambodian apparel sector. Paying workers on bank accounts, mobile money accounts or prepaid cards instead of in cash provides advantages to both businesses, reducing administrative costs in the long-term, as well as to workers, many of whom are women who report increased confidence and control over their expenses.<sup>22</sup> The results of this survey demonstrate this uptake of wage digitalization.

Some sectors are more advanced than others, but overall 85% of surveyed workers are being paid via a bank deposit rather than in cash (Table 5). Footwear and garment sectors are the least advanced in their digital wage transition, though still at high rates overall.

**Table 5 Digital wage payments by sector**

Row Labels	Bank deposit	In cash
Footwear	78%	22%
Garment	85%	15%
Bag	91%	9%
Printing	100%	0%
Furniture	100%	0%
Grand Total	85%	15%

Question: How do you receive your salary payment? What sector are you working in?

Companies have either fully transitioned to digital wage payments, or are still paying all their workers in cash. The list of companies and wage payments practices is detailed in 0.

## 3.2 Cost of living

### 3.2.1 Expenses

Surveyed workers were asked to provide information about their monthly expenses, at household level. Information was collected on monthly spending on:

- Food and beverage expenses;
- Non-food expenses, which included:
  - Housing and other bills like cooking energy, electricity and water;
  - Other essential items such as transportation, hygiene and clothing supplies, and electronics;
  - Healthcare;
  - Childcare and education;
  - Other expenses such as grooming, personal trips, entertainment, expenses for ceremonies, parties and donations;
- Remittances, or money sent home to support families;
- Savings.

The total median expenses reported by workers – in other words, food, non-food expenses, remittances and savings altogether – is \$412 per month, with the average being slightly higher at \$451 (Table 6). This means that at least half of the respondents are spending \$412 or more per month on their living costs. This is more than double the minimum wage of \$202-\$204, which 77% of workers are earning, a large gap even when considering that 83% of respondents live in a

household with at least one additional wage earner who contributes to the household finances (see Section 2.4 on family status and household).

**Table 6 Monthly expenses of surveyed workers (USD)**

Indicator	Food expenses	Non-food expenses	Remittances	Savings	Total
Lowest	\$20	\$25	\$3	\$1	\$57
Highest	\$756	\$1,626	\$500	\$500	\$1,758
Median (Average)	\$160 (\$182)	\$190 (\$228)	\$0 (\$35)	\$0 (\$6)	\$412 (\$451)

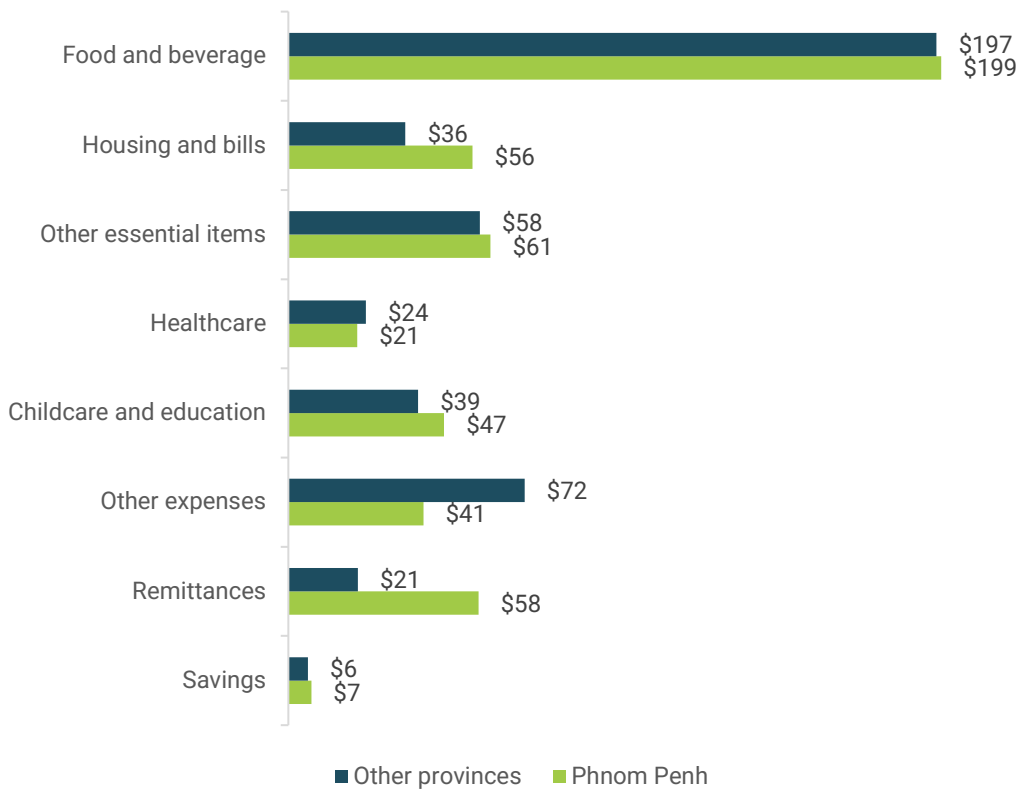
Question: How much of your household income do you spend on each category below? (All answers in US dollar and refer to food paid for by respondents in February/March); "Food expenses" includes: Food; Non-alcoholic beverages; Alcoholic beverages. "Non-food expenses" includes: Rental room or house; Cooking energy (e.g. firewood, charcoal, gas...); Electricity supply bill; Water supply bill; Transportation fees (motor taxi, taxi, rental car) and/or own vehicle costs (parking, gasoline, repair etc); Expense on healthcare (consultation with doctor, medicine or other treatments); Hygiene supplies (Cosmetic, soap, toothpaste, ...); Clothing; Childcare fee and education (School fee, child basic need...etc); Monthly Savings for unexpected events; Remittance you send home; Costs of electronic devices (phone card, cellphone, TV, computer); Other expenses, such as:-Grooming (hair- or nailsalon, etc.)-Personal trips/outings-Entertainment (VCD/DVD renting, music, etc.)-Expenses for ceremonies, parties, donations-other. "Remittances" include: Remittance you send home.

Note: The median and averages for remittances and savings were calculated using all values, including those who report spending \$0.

There are some differences between cost of living in Phnom Penh and other non-urban provinces, with cost living being higher, on average, in Phnom Penh (Figure 14). Part of the reason for this is that a high proportion of workers are paying for rent compared to in other provinces. In total, 36% of all respondents are paying rent, either living alone, with friends, or with family. Of these renters, most (70%) are working and renting in or near Phnom Penh.

Moreover, workers in Phnom Phen are sending an important portion of their income as remittances. This is likely linked to the fact that there are more single people working in Phnom Phen, and also indicates that these workers are migrating for these jobs. Indeed, single workers send the most remittances home, significantly more than their married and widowed counterparts.

**Figure 14 Average expenses based on location (USD per month)**

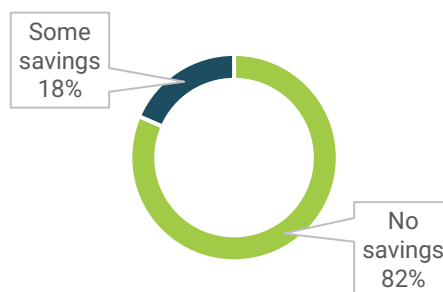


Question: How much of your household income do you spend on each category below? (All answers in US dollar and refer to food paid for by respondents in February/March); Food; Non-alcoholic beverages; Alcoholic beverages; Rental room or house; Cooking energy (e.g. firewood, charcoal, gas...); Electricity supply bill; Water supply bill; Transportation fees (motor taxi, taxi, rental car) and/or own vehicle costs (parking, gasoline, repair etc); Expense on healthcare (consultation with doctor, medicine or other treatments); Hygiene supplies (Cosmetic, soap, toothpaste, ...); Clothing; Childcare fee and education (School fee, child basic need...etc); Monthly Savings for unexpected events; Remittance you send home; Costs of electronic devices (phone card, cellphone, TV, computer); Other expenses, such as:-Grooming (hair- or nailsalon, etc.)-Personal trips/outings-Entertainment (VCD/DVD renting, music, etc.)-Expenses for ceremonies, parties, donations-other.

'Housing and bills' refers to rental room or house, cooking energy, electricity and water. 'Other essential items' refers to transport, hygiene, clothing and electronics; 'Other expenses' includes expenses such as grooming, personal trips, entertainment, expenses for ceremonies, parties and donations.

A majority (82%) of respondents have no savings at the end of the month (Figure 15).

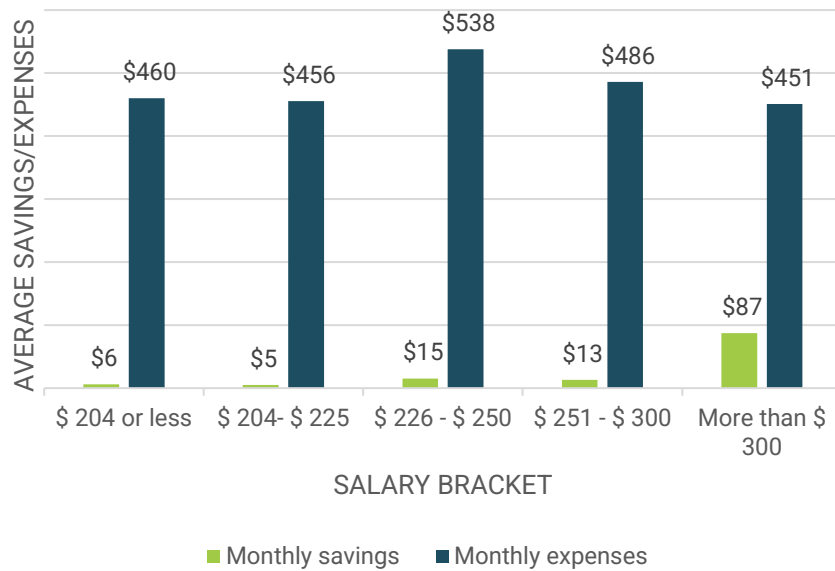
**Figure 15 Share of workers with no or some savings**



Question: [Specify] monthly savings for unexpected events (dollar per month).

On average, workers earning less than \$225 a month are saving between \$5-\$6 per month, which represents only 1% of their total monthly expenses ranging on average from \$456-\$460 per month (Figure 16). Moreover, 98% of respondents are earning less than \$225 a month - this means that on average, almost all workers are not saving enough for unexpected events, especially when compared to monthly costs. Of those with no monthly savings, 74% have children to support on their income.

**Figure 16 Average monthly savings and expenses (USD) by basic salary bracket**

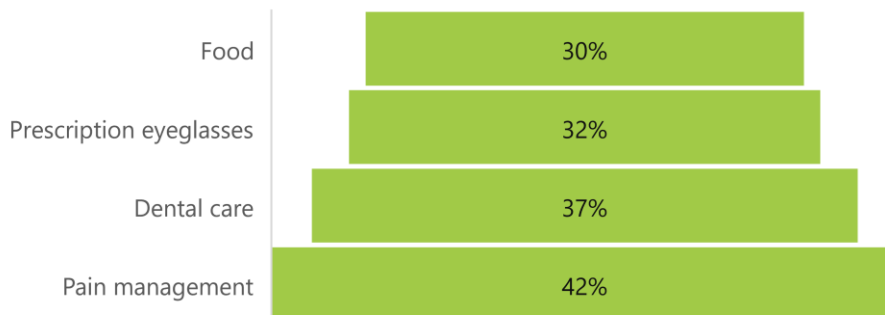


Question: [Specify] monthly savings for unexpected events (dollar per month).

Monthly expenses are calculated by aggregated all expenses specified in Figure 14.

The results also show that workers cannot afford essentials. An important number of workers suffer from poor access to essentials like food, eyeglasses, dental care, and pain management for themselves and their families (Figure 17).

**Figure 17 Share of workers without access to essentials**

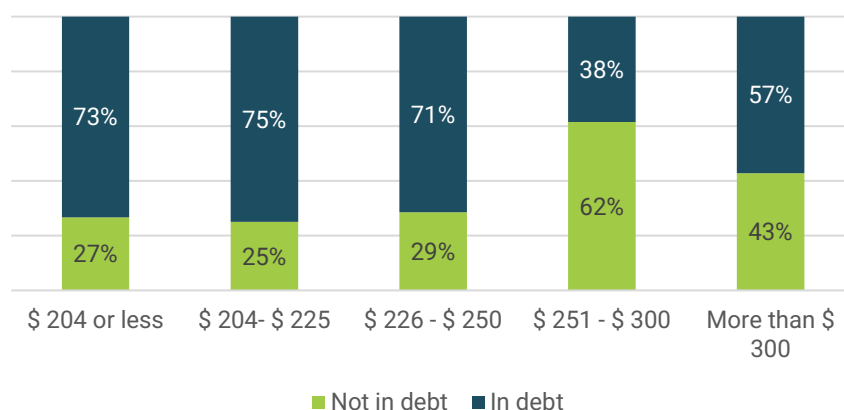


Question: Have you ever, in the last three months, run out of food in your household due to lack of money or other resources? Due to lack of money or other resources, one or more members of my household do not have the prescription eyeglasses they need. Due to lack of money or other resources, one or more members of my household do not receive the dental care they need. Due to lack of money or other resources, one or more members of my household live with persistent pain.

### 3.3 Debt

A majority (73%) of workers are borrowing money and are thus in debt. This is higher than other figures on the sector, for example a 2018 ILO analysis which states that some 40% of garment, textile and footwear households are in debt.<sup>23</sup> Most of the workers borrowing are in the lower salary brackets, earning less than \$250 a month as a basic salary (Figure 18).

**Figure 18 Debt and basic salary brackets**

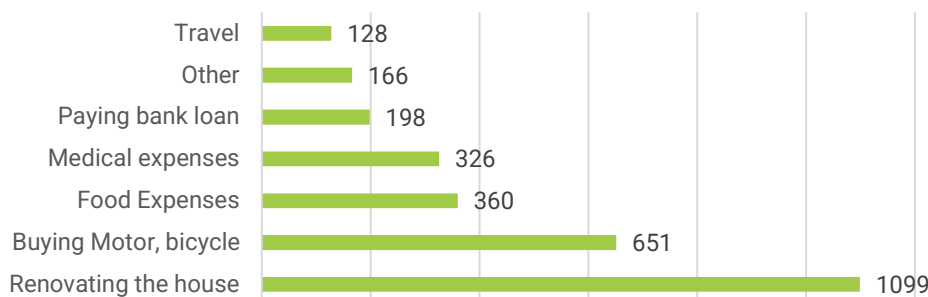


Source: [Please specify] Basic salary in Dollar (net); Are you currently borrowing money from a bank or another financial service to be able to cover your household's expenses?

Workers also indicated why they are borrowing money (Figure 19) and most responded that they are doing so to renovate their house. Some of the other results from this question are cause for alarm. Fifteen percent (15%) of respondents who reported borrowing money are doing so to buy food, pointing to serious food insecurity among these respondents. Many respondents also answered that they are borrowing money for other essential living items such as travel (incl. motor/bicycle) and medical expenses.

Some (198 workers) responded that they borrow money to pay off a bank loan, indicating that these workers are in a cycle of debt.

**Figure 19 Why do workers borrow money?**



Question: For what purpose do you borrow money?

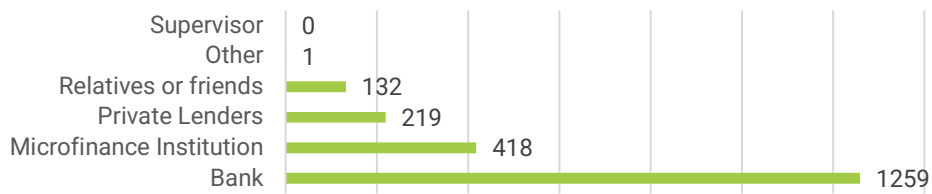
Note that respondents may have chosen multiple reasons of borrowing money.

Many of the 'Other' reasons for borrowing money had similar objectives to those in the existing categories, for example, building a fence, buying a toilet, repairing a motorbike, or buying land. However, some of the 'Other' reasons included buying children's milk, to pay for children's education, and to repay another debt, again causes for alarm in a population that is for the most part earning minimum wage.

Most responded that they borrow money from the bank (Figure 20). Nobody reported borrowing money from their supervisor. Other key sources of debt are microfinance institutions and private lenders, and fewer people are borrowing from relatives/friends. The one respondent who specified an 'Other' debt source did not specify the source.



**Figure 20 Where are workers borrowing money from?**



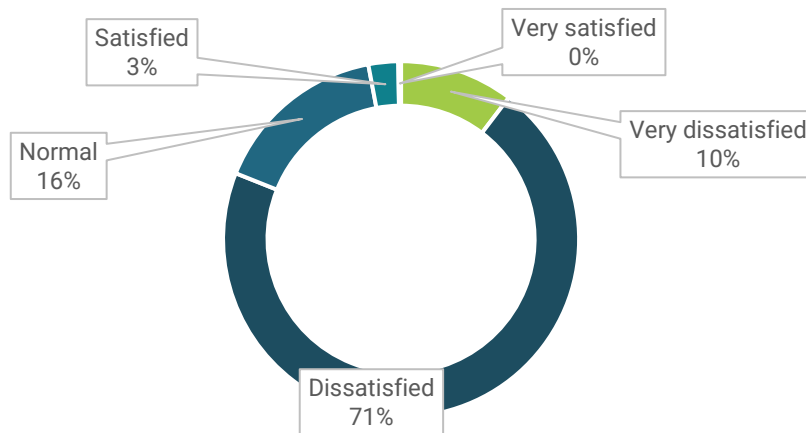
Question: From where do you borrow money?

Note that respondents may have chosen multiple sources of borrowing money.

### 3.4 Worker perceptions

Unsurprisingly, given the findings above, 71% of workers report being dissatisfied with the total income they receive, with a further 10% reporting being very dissatisfied (Figure 21). Respondents were more likely to be dissatisfied with their income if they belonged to a union. This could be due to increased awareness of wage discussions and/or feeling more comfortable with reporting their dissatisfaction.

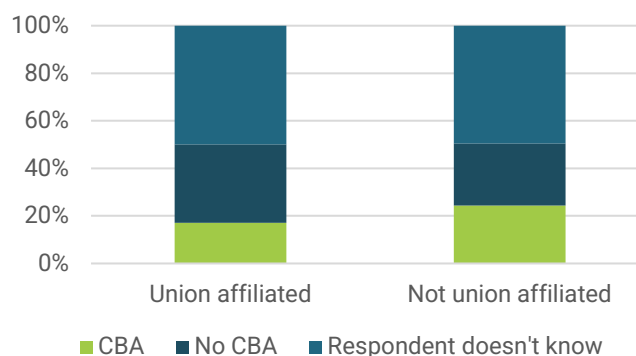
**Figure 21 Worker satisfaction**



Question: How satisfied are you with the total income you currently receive?

Overall, half (50%) of all respondents did not know if there was a collective bargaining agreement (CBA) at their factory. About a third (32%) believed there was no CBA, and the last fifth (18%) thought there was a CBA in place at their factory. Among those who are not part of unions, a higher share (24%) say there is a CBA in place at their company (Figure 22).

**Figure 22 Knowledge of collective bargaining agreement by union affiliation**



Question: Are you affiliated with a union? Is there a current Collective Bargaining Agreement in this company?

### 3.5 Comparison to 2022-23 results

In every year, the median of surveyed respondents was making minimum wage (Table 7). Despite rises in minimum wage and increasing inflation in 2023, the median take-home salary (i.e., including all bonuses, allowances and overtime payments) has not risen proportionately.

Median monthly expenses reported by workers have decreased slightly in 2024 compared to 2023, but remain significantly higher than in 2022. Some possible explanations for this include a substantial decrease in inflation in 2024, a drop to around 2.3% as compared to 5% in the two years prior. The reduction has been attributed to the sharp decline in prices of oil and gas, and improvements in agricultural trade, improving food prices throughout the country.<sup>24</sup> It could also reflect a spending shift in response to the high inflation from years prior, whereby consumers had to adjust their behaviour and spend much less on non-essentials. This survey shows clearly however that people are not able to prioritise the purchase of essential items, like healthcare, pain management and even food.

The share of workers receiving performance bonuses has risen, though at least half of all respondents in all years are receiving the same amount of \$10. However, a smaller share of workers are receiving the skilled labour bonus compared to previous years. Moreover, as stated previously, among survey respondents, 89% have been working at their factories for over 1 year, but only 39% are receiving a skilled labour or seniority bonus.

Virtually everybody gets a travel allowance, and those in the median are getting close to the legally required \$7 per month allowance. However, as seen in this report, there are still some workers receiving less allowance than the \$7 legal threshold.

As noted above, there were some discrepancies in the answers regarding overtime payments and food allowance, so there may need to be some consideration of these before drawing any conclusions. However, the overall decline of overtime since the first survey in 2022 can be attributed to post-COVID-19 pandemic challenges for the sector, including decreasing orders, oversupply in buy markets and inflation concerns.<sup>25</sup>

As stated earlier, workers are increasingly dissatisfied with their income, or at least increasingly comfortable sharing that they are dissatisfied. More workers are unable to save money, and though the share of workers in debt is the lowest of all three years, the median debt is rising. For 2024 this means that at least half of all surveyed workers have borrowed at least \$6,000 to make ends meet.

**Table 7 Comparison of key findings between 2022-2024**

Indicator	2022	2023	2024
Number of surveyed workers	499	1,197	2,405
Median (average) monthly basic salary	\$195 (\$209)	\$200 (\$204)	\$204 (\$206)
Median (average) monthly take-home salary	\$264 (\$292)	\$ 257 (\$361)	\$267 (\$266)
Median (average) monthly expenses	\$361 (\$372)	\$469 (\$507)	\$412 (\$451 )
Share of surveyed workers without savings	63%	70%	82%
Median (average) savings	\$0 (\$13)	\$0 (\$11)	\$0 (\$6)
Inflation	5%	5%	2%

<b>Indicator</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Share of surveyed workers doing overtime	100%	79%	71%
Share of surveyed workers who reported occasionally or never being paid for overtime work	49%	5%	0%
Share of surveyed workers receiving overtime bonus	82%	80%	98%
Median (average) overtime payment	US\$ 30 (\$30.17)	US\$ 20 (\$22.56)	US\$ 30 (\$32)
Share of surveyed workers receiving performance bonus	85%	71%	96%
Median (average) performance bonus	\$10 (\$26.09)	\$10 (\$10.02)	\$10 (\$10.50)
Share of surveyed workers receiving skilled labour bonus	46%	47%	39%
Median (average) skilled labour bonus	\$10 (\$11.82)	\$0 (\$6.18)	\$0 (\$4.06)
Share of surveyed workers receiving travel allowance	99%	99%	100%
Median (average) travel allowance	\$7 (\$8.40)	\$7 (\$8.54)	\$8 (\$8.82)
Share of workers dissatisfied with their current salary	55%	63%	81%
Share of workers not able to save money for unexpected events	63%	70%	82%
Share of workers borrowing money to make ends meet	74%	77%	73%
Median (average) debt	\$4,000 (\$7,108)	\$5,000 (\$7,865)	\$6,000 (\$8,173)

Source: Profundo; IMF (2024, April), "Inflation rate, average consumer prices. Annual percent change", viewed in May 2024.

# 4

## Conclusions and recommendations

### 4.1 Conclusions

These findings demonstrate that, even though there are small improvements to be found for workers in the garment sector in Cambodia since last year, there is still a long way to go in order to reach a living wage for workers. The minimum wage has been rising in line with the inflation rate since 2016,<sup>26</sup> in large part due to the successful negotiations led by trade unions in the sector. Yet the findings from the Fair Work Monitor since 2022 show a clear trend that workers are receiving less income than needed to support their families. This is also corroborated by other sector reports, including by Cambodia labour rights organization Central, ActionAid and Clean Clothes Campaign.<sup>27</sup>

Most workers are earning minimum wage or slightly above it. However, almost all workers are earning less than \$225 per month as a basic wage, and thus less than the GLWC Living Wage estimate of \$230 per month.

Cost of living has decreased due to slowing inflation, lower energy prices and a cautious rebound of the Cambodian economy. However, the actual income of workers (i.e. basic salary plus performance bonus, seniority bonus and travel allowance) is still 41% less than their living expenses, demonstrating that the income is insufficient to afford them basic expenses.

In order to cover for basic expenses, there is still a significant number of workers that have to borrow money (73% of workers in 2024 compared to 77% in 2023). The median amount of borrowed money has even started increasing in the past years from \$5000 in 2023 to \$6000 in 2024. Some workers are even indicating that they are in cycles of debt, meaning that they are borrowing from one source to pay off another debt. This worrying trend is further consolidated by the fact that the majority of the workers (82% in 2024 compared to 70% in 2023) is unable to save any money for unexpected events.

Parents and other carers are particularly vulnerable. Workers with children dependent on their income make up 73% of all respondents. These workers have the lowest amount of savings and highest monthly expenditure compared to single, married and widowed workers with no dependent children. Given one estimate that the garment, textile and footwear sector in Cambodia directly provides income to support a fifth of households in the country,<sup>28</sup> these results are alarming.

All of this demonstrates that urgent action is still needed from all stakeholders involved in order to bridge the gap between the current take-home salary of workers and their living expenses. There have been promising developments recently in Cambodia to improve the situation for workers in this crucial economic sector. The ACT (Action, Collaboration, Transformation)<sup>29</sup> is a particularly successful example of this approach, with key apparel brands and trade union associations showing support for the continued growth of the garment and footwear industry alongside living wages for the workers who make it possible. It remains crucial that there is fruitful dialogue between all stakeholders involved (buyers, employers, the Cambodian government, trade unions) to guarantee a living wage for workers.

In this context, the following recommendations are aimed at improving the information base for negotiating minimum wages in the future and addressing some of the key issues arising from this study.

## 4.2 Recommendations

### 4.2.1 For CNV Internationaal and Cambodian counterparts

Our key recommendations to CNV Internationaal and Cambodian counterparts are to:

- Focus expansion of the survey in non-garment sectors (footwear, printing, textiles, bags) and increase participation from those not affiliated with a union in order to gain a more representative sample.
- Allow participation from younger workers within the permitted working age (aged 15-17 years) who are currently not part of the survey. Single workers are currently under-represented.
- Ask workers whether they spend more on their commute and/or accommodation than their received allowance in order to update the allowance requirement if needed. It has remained at \$7 per month since at least 2016, and thus has not accounted for skyrocketing energy and housing prices in the time since.
- Consider an intersectional approach to the survey, both the distribution (i.e., ensuring participation from marginalised groups which may be hidden e.g., migrant workers) and the questionnaire itself. Working with partners already active in this space, both locally and globally, could be useful to improve the questionnaire and highlight any differences that marginalised groups like women, LGBTIQI+ people, people of colour and migrant workers (if any) are facing. This is especially important in a sector with reported cases of e.g., gender-based violence.<sup>30</sup>

### 4.2.2 For employers and the Cambodian Government

Our key recommendations to employers and the Cambodian government are to:

- Support the ACT agreement led by buyers, IndustriALL and TAFTAC with the aim to negotiate living wages for workers in this crucial economic sector.
- Provide path to higher management positions for women in order to address the gender pay gap this has been noted in multiple reports on the sector in Cambodia.
- The Covid-19 pandemic demonstrated how precarious garment workers livelihoods are, and workers are still feeling the economic shocks from the pandemic,<sup>31</sup> including less opportunities for overtime and the need to take on additional work outside their regular employment. Workers must continue to benefit from a social security policy to provide adequate relief to these continuing shocks and in the long-term, to improve quality of life.
- Ensure correct payment of all bonuses and allowance that workers legally entitled to be paid.
- Discuss with CNV Internationaal and the trade unions the opportunity to monitor the implementation of the ACT agreement through the Fair Work Monitor.

### 4.2.3 For apparel brands

Our key recommendations for apparel brands are to:

- Carefully consider how retail strategies and purchasing practices in your garments, footwear and other supply chains may be contributing to low wages and precarious work, and develop policies and internal processes which counter these negative impacts on the people in your supply chain.
- Conduct due diligence with meaningful engagement from stakeholder groups and rightsholders, including trade unions and women's organisations.
- Join the ACT collaboration to support collective bargaining agreements and social dialogue across the Cambodian garment sector and work towards a living wage for all those in your supply chain.

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