

# Fostering a Sustainable Textile Industry in Cambodia

## Sustainable economic development

### Background

The textile industry plays a major role for the Cambodian economy, generating almost 70 per cent of the country's export earnings. The sector provides employment and income for approximately 800,000 textile and garment workers, of which around 80 per cent are women. However, production technologies remain basic and working conditions are marked by low occupational safety and wages as well as weak and fragmented industrial relations.

GIZ has been active in the Cambodian textile sector to support its transformation towards fair production for people and the environment since 2014. Despite significant sectoral improvements, a substantial modernization process is needed to maintain and enhance the industry's competitiveness. Ensuring sustainability considering environmental, social and long-term economic performance will play a key rule to achieve that.

### Our approach

By following the main goal of promoting all three dimensions of sustainability in the Cambodian textile industry, the project pursues multiple objectives: improving the living and working conditions of workers; reducing environmental damage caused by production processes; as well as contributing to the industry's diversification and competitiveness. The project also targets to connect the goal of a sustainable transformation of the textile industry with economic recovery after the COVID-19 pandemic.



Project name	Sustainable Textile Industry in Cambodia
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Cambodia
Lead executing agency	Ministry of Economy and Finance (MEF)
Duration	November 2021 – October 2024

### The benefits

**Result-oriented dialogue:** Regular exchange through public private dialogues on sustainability in the garment sector and social dialogue can help improve the framework conditions for a sustainable transformation of the textile industry. Furthermore, a strengthened cooperation culture through joint initiatives between public and private stakeholders is envisaged to reinforce sustainable supply chains and production conditions.

**Improved training offers for workers:** By improving services of private, civil society or public service providers, workers in the textile industry will benefit from more needs-based services and can strengthen their social and professional skills.

**Development of approaches for industrial waste and circular economy:** The project facilitates technical dialogue on working level around circular economy issues to bring together relevant

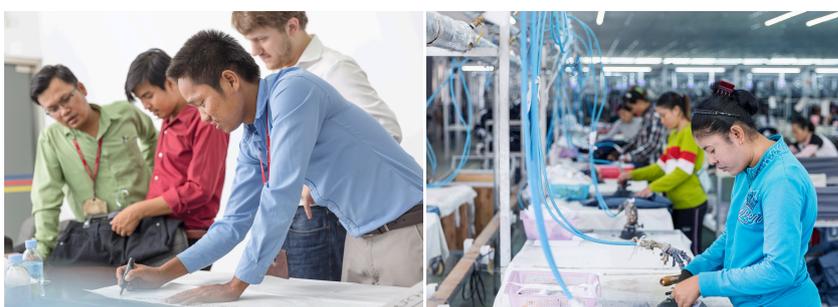


Photo (L): Factory management as well as workers and representatives working together in a dialogue training aimed at settling disputes in the Cambodian textile sector

Photo (R): Textile workers in a factory in Cambodia



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Photo (L): Textile workers on their mostly unsafe way to work in the factories

Photo (R): Teaching during a Sunday training at the WE House (Women Empowerment House) in Phnom Penh

stakeholders and foster regular knowledge-sharing and exchange. Moreover, it provides technical advice on the implementation of a pilot project for recycling industrial textile waste. Jointly with the Ministry of Environment, the project will build on a feasibility study initiated by the regional FABRIC project to work towards a circular textile industry with the different involved actors of the supply chain. The project also increases capacities of local service providers to offer trainings on different environmentally sound practices.

**Services to strengthen management capacities:** The project offers capacity development for strategic and operational management of factories in order to address issues such as occupational safety, due diligence in supply chains, and the use of renewable energies for higher efficiency in production. This shall enhance the sustainability performance, and thus the competitiveness, of participating factories.

## Expected results

The project will help to ensure that the garment sector continues to provide jobs and income in the future. At the same time social and environmental standards shall be improved. The capacities of key partners to work together for achieving these objectives will be supported.

A deeper conversation between public and private actors will empower producers to directly communicate the sector's needs to the relevant ministries.

Through measures supporting structural change in garment production, working conditions and workers' rights are improved and jobs preserved or newly created. This shall have positive impact on the income and living conditions of the workers and their families from predominantly poor and disadvantaged backgrounds and thus on SDG 1 (poverty alleviation). At the same time, gender equality (SDG 5) at the workplace is promoted and gender-relevant issues are addressed through dialogue, campaigns and trainings.

Additionally, the protection of natural resources is an important objective of the project. Promoting sustainable waste management and circular economy approaches are important elements for the future development of the industry. Besides, the project encourages companies to carry out more energy efficiency processes including switching to renewable energy sources, thus further contributing to SDG 13 (climate action).

Finally, the preservation and creation of jobs and the fostering of new production structures promotes decent work and economic growth (SDG 8).

Experiences of other producing countries will be made available through the project FABRIC Asia that is also implemented by GIZ. This will enable national stakeholders to make use of global good practices and valuable experiences from other countries. Through cooperation between the public and private sectors as well as civil society partners in Cambodia, the project promotes joint action and collaboration.

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