



**Embassy of Sweden
Phnom Penh**



USAID
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For immediate release

Press Release

Sweden and USAID fund The Arbitration Council Foundation to enhance Cambodia's labour dispute resolution services

Phnom Penh (27th February 2020) – Today, USAID and the Embassy of Sweden each announced multi-year commitments to provide financial support to the Arbitration Council Foundation (ACF) in order to further enhance Cambodia's dispute resolution services.

USAID, which has supported ACF since 2014, is providing ACF a new five-year \$1.5 million grant through its longtime partner, Solidarity Center, as part of the new USAID/Cambodia Labour Rights in Cambodia (LRIC) project. The Embassy of Sweden has also provided financial support to ACF since 2014. With the new award signed today, Sweden will fund 5 million SEK (approximately 530,000 US dollars) for a two-year period (2020-2021) to promote well-functioning and credible labour dispute arbitration system.

The objectives of both grants are the same. They seek to make Cambodia's labour relations systems and labour dispute resolution services more effective; to raise awareness about the Arbitration Council (AC) and promote dispute resolution skills of workers and employers; and to maintain and promote the institutional integrity and sustainability of the Arbitration Council.

Established in 2005, ACF is a local NGO working to provide technical and managerial services for the Arbitration Council that is the national professional and independent institution mandated by the Labour law to resolve labour disputes in Cambodia. The Arbitration Council is also considered a landmark institution for labour dispute resolution in Cambodia and is essential to support a stable labour market and contribute to the country's social and economic development.

"Labour markets in all countries are constantly developing and need to adopt to changes and processes. Producers need to improve quality and reach profit margins balanced with meeting labour rights such as decent work standards and fair wages, gender equality as well as environmental issue that impact production and working conditions. The Government's role is to set policies conducive for labour market development in accordance with laws and regulations. Trade unions are key actors to represent the workers' rights and should be able to do so with the protection by laws. Reliable and independent mechanism for resolution of labour disputes is a key component in a well-functioning labour market. The role of ACF in the resolution of disputes in the labour market is crucial. Sweden will continue to support ACF to ensure that the Arbitration Council will continue to act independently and professionally." said Mr. Samuel Hurtig, Head of Development Cooperation of the Embassy of Sweden.

"It is critical to maintain a system by which collective disputes can be adjudicated and peacefully resolved by an entity that both workers and employers regard as neutral and impartial," noted USAID/Cambodia Acting Deputy Mission Director Javier Castano. "That is why we have chosen to support the pivotal role the Arbitration Council plays in building an environment of confidence for workers, employers and investors, a system which establishes a level playing field for all stakeholders."

ACF promotes effective industrial relations by providing a forum for Cambodian workers and employers to seek fair and equitable resolution to labour disputes. These disputes are directly addressed in a timely and transparent manner, by hearing disputes and issuing balanced, reasoned and just arbitral decisions based on law.

“The Arbitration Council has played a significant role and has achieved not only remarkable social and economic outcomes, but also reputation and respects nationally and internationally,” said Mr. Men Nimmith, Executive Director of ACF. He added that “as of 2019, ACF had handled 2,882 cases affecting over 1.11 million workers in the industrial and service sectors across Cambodia.” Of all the cases brought to the Council, 75% has been resolved successfully; thanks to the generous support from donors, such as USAID and Sweden over the past several years.” “We are grateful for generous support from our development partners, but ACF is reminded, and thus has committed to achieving sustainability objective as a top priority,” he added.

Notes to Editor

- In addition to its first financial assistance in support of the Arbitration Council since 2014, USAID provided ACF with a three-year funding for the period 2014-2016, and this five-year funding for the period 2019-2024. Total funds for the last two funding periods amount to US\$ 2,197,164.00.
- Sweden has provided financial support to ACF since 2014. Between 2014-2021, Sweden has totally funded SEK 18.3 million or approximately US\$ 1.98 million to promote effective labour market governance environment for private sector and social development through the provision of a well-functioning and credible labour dispute arbitration system.

Media contact:

The Arbitration Council Foundation

Name: Men Nimmith

Title: Executive Director

E-mail: nmen@arbitrationcouncil.org

Telephone: 023 881 814

Embassy of Sweden in Phnom Penh

Name: Samuel Hurtig

Title: Head of Development Cooperation

Telephone: 023 861 700