



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 04-Aug-2023 | Report No: PIDA35898



BASIC INFORMATION

A. Basic Project Data

Country Cambodia	Project ID P179159	Project Name Cambodia Skills for Better Jobs Project	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 05-Sep-2023	Estimated Board Date 16-Nov-2023	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Kingdom of Cambodia	Implementing Agency Ministry of Labor and Vocational Training	

Proposed Development Objective(s)

To enhance quality and relevance of skills among Cambodia's upcoming and existing workforce, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Components

- Component 1 – Skilling-Up to Respond to Industry Needs
- Component 2 – Information and Orientation for Better Jobs
- Component 3 – Project Management, Monitoring and Evaluation
- Component 4 – Contingent Emergency Response Component (CERC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	40.00
Total Financing	40.00
of which IBRD/IDA	40.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	40.00
IDA Credit	40.00



Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- Cambodia has seen vibrant economic growth and, while it was one of the hardest hit countries in EAP during the coronavirus disease 2019 (COVID-19), it is also seeing a relatively rapid recovery.** Cambodia achieved Gross Domestic Product (GDP) growth of 7.7 percent per year between 1998 and 2019, one of the fastest growth rates in the world, allowing Cambodia to reach lower middle-income status in 2015. GDP contracted by 3.1 percent in 2020, with tourism, manufacturing, and construction sharply affected by the COVID-19 pandemic. However, GDP had already recovered in 2021, increasing to 5.1 percent in 2022.
- This growth has been accompanied by a sharp decline in poverty, from 33.8 to 17.8 percent, largely driven by an increase in FDI-driven non-farm wage jobs. However, most jobs in Cambodia are still low-skilled and low productivity ones.** Macroeconomic stability and openness to trade as well as preferential access to the EU market under the “Everything but Arms” agreement, helped Cambodia attract high inflows of FDI that have had broad benefits in terms of employment, with very high employment rates.^{1,2} Thus, the challenge in Cambodia is not the availability of jobs but rather the quality of these jobs: Even among non-farm wage jobs, 60 percent are informal.³ Finally, labor productivity is low when compared to Cambodia’s income level.⁴
- The quality of jobs is worse for women: Their jobs are lower-skilled and less paid than men’s.** Female Labor Force Participation (LFP) is high in Cambodia, at 84 percent, which is much higher than both regional and global averages (61 percent and 50 percent, respectively), but still lower by 7 percentage points than men’s LFP.⁵ While the gender pay gap has decreased since 2011, women still earn an average of 11 percent less than men.⁶ These gaps can be partly attributed to women’s lower education levels:

¹ World Bank. 2019. Cambodia Future Jobs.

² World Bank. 2022a. Poverty Assessment.

³ Authors’ analysis, Labor Force Survey 2019.

⁴ World Bank. 2022b. Resilient Development: A Strategy to Diversify Cambodia’s Growth Model - Cambodia Country Economic Memorandum (English). Cambodia Country Economic Memorandum Washington, D.C.: World Bank Group.

⁵ World Bank. 2019. Cambodia Future Jobs.

⁶ Gavalyugova, Dimitria; Cunningham, Wendy. 2020. Gender Analysis of the Cambodian Labor Market. World Bank, Washington, DC. World Bank. <https://openknowledge.worldbank.org/handle/10986/34201> License: CC BY 3.0 IGO.



Among the labor force, 58 percent of those who did not complete primary school are women.⁷ It can also be attributed to the industry of employment and occupation: Women are more likely to be employed in manufacturing, particularly in the garment sector, and services, and less likely to be employed in all other sectors. While manufacturing and services have near gender wage parity, the low-skill occupations of these industries limit career advancement and wage progression for women.

4. **Furthermore, traditional gender roles that expect women to care for children and the household may hinder their LFP or career progression.**⁸ Cambodia has one of the highest gender gaps globally in opinions about whether women should work. A total of 83 percent of women report wanting to work in a paid job or to have both a paid job and carry out care work while, when asked the same question about “women in (your family)”, only 58 percent of men stated the same preferences.⁹ Women in Cambodia also perform some of the highest rates globally of unpaid domestic and care work, at a total of 86 percent of women compared to 54 percent of men. Women spend ten times more minutes on these activities (188 minutes per day) than men (18 minutes per day), the lowest contribution by men recorded in time use surveys from 75 countries.¹⁰

5. **Cambodia’s impressive economic performance could be challenged by the country’s high vulnerability to the negative impacts of climate change:** Cambodia is one of the world’s most flood exposed nations and faces high temperatures, droughts, and sea level rise.¹¹ Climate change may reduce the country’s GDP by 2.5 percent in 2030, and up to 9.8 percent in 2050.¹² The Royal Government of Cambodia (RGC) is committed to combating climate change and accelerating the transition to a climate-resilient, low-carbon sustainable mode of development.

Sectoral and Institutional Context

6. **Given Cambodia’s current positioning in value chains and comparative advantage, it can realistically aspire to diversify its exports into sectors that require more medium-skilled occupations and/or to increase skill levels among the low-skilled.** Given that Cambodia starts from a level of low sophistication of exports, meaning that the wage-content, value-added-content, and skill-levels of exports were low compared to neighboring countries such as Malaysia and Thailand, and considering opportunities presented by reorganizing global and regional value chains, Cambodia’s path to move up value chains would be to increase medium-skilled occupations. This increase would be in both direct export-related employment and in indirect employment as it would also need to increase linkages between exporting firms (which are often foreign-owned) and local ones.

7. **This diversification and movement up value chains is taking place already: Cambodia has seen an increase of 25 percent per year in exports outside of garments between 2017 and 2021, accompanied by a large relative increase in occupations in medium- and in lower-medium skilled occupations.** Some diversification has taken place since 2016, with the share of non-garment manufacturing in exports

⁷ World Bank. 2022a. Poverty Assessment.

⁸ World Bank. 2020. Towards gender equality in the Cambodian labor market – perceptions on gender-related constraints. World Bank.

⁹ ILO Gallup 2017. Towards a better future for women and work: Voices of women and men. https://www.ilo.org/global/publications/books/WCMS_546256/lang--en/index.htm

¹⁰ Addati, Laura; Cattaneo, Umberto; Esquivel, Valeria; Valarino, Isabel. 2018. Care work and care jobs for the future of decent work. International Labour Office – Geneva: ILO.

¹¹ Climate Risk Profile: Cambodia (2021): The World Bank Group and Asian Development Bank.

¹² Cambodia’s Updated Nationally Determined Contribution (2020). https://unfccc.int/sites/default/files/NDC/2022-06/20201231_NDC_Update_Cambodia.pdf



increasing over that period from 25 to 38 percent. Over the same period, the share of “technicians and associate professionals” increased by 140 percent, that of “craft and related trades workers” by 56 percent, and that of “plant and machine operators” by 40 percent, which are highly concentrated in manufacturing.¹³

8. **The Industrial Development Policy (IDP) 2015-2025 has set objectives to “modernize Cambodia’s industrial structure from a labor-intensive industry to a skill-driven industry by 2025,” and, in this context, the RGC has recently adopted the “Automotive and electronics sectors development roadmaps”.** The roadmaps cover interventions across multiple areas (including energy costs; establishing clusters; logistics; and others) and identify how Cambodia can move from “least complex” products, such as wire harnesses, seats, and switches, to “moderately complex” products, such as radiators, converters, and battery pack assembly. The roadmaps expect the creation of 10,000 jobs in automotive and 16,000 jobs in electronics by 2027. They envisage 3 stages moving from a first stage with, “less complex components and sub-assembly” in the next 5 years, e.g. cables and connectors in electronics, to “higher value assembly and design” in the next 10 years, e.g. smart mobile devices and 5G components. Such movement up value chains would involve an increase in demand for skilled labor trained in electronics production processes, such as surface mount technology.

9. **Moving up value chains requires substantive improvements in the skills base of the workforce, including to satisfy expected increased demand for medium-skilled workers. However, firms report skills as the third major obstacle to their operations and 50 percent of firms across all sectors report challenges in hiring; in particular, in medium-skilled occupations.** A total of 41 percent of the hard-to-fill vacancies are for technicians and professionals. Firms indicate an inadequately skilled workforce as a major obstacle to their operations, with the proportion being twice as high among exporting firms vs non-exporting firms (42 and 21 percent, respectively).¹⁴ Challenges in hiring affect business operations, with consequences ranging from delays in developing new products and services and meeting quality standards, to losing business to competitors.¹⁵

10. **For these medium-skilled occupations, technical and vocational education and training (TVET), by offering both short and long courses, could play an important role in providing both the current and upcoming workforce with in-demand skills.** TVET’s focus on occupation-specific technical skills, when accompanied by sufficient attention to cognitive, socio-emotional and other cross-cutting skills, is well-recognized to have the potential to contribute to the “shifting of work and economic activity to more productive uses within and across sectors, and thus contribute to structural transformation and economic growth”.¹⁶ By providing both short as well as one- to four-year long courses, and mixing classroom training with work-based learning, TVET has an important role to play to both upskill and reskill the existing workforce. It can also prepare the upcoming workforce to be adaptable given the changing nature of work.

11. **Governance of the TVET sector in Cambodia is centralized, with the Ministry of Labor and Vocational Training (MLVT) leading the sector, using mainly public delivery of services.** Of the 119

¹³ ISCO major groups. The “craft and related workers” are currently comprised of 65 percent manufacturing and 27 percent construction in 2019/2020, while the “technicians and associate professionals” are distributed in a more diversified way across services and manufacturing. Author’s calculations on CSES 2019/20.

¹⁴ World Bank. 2016. Enterprise Survey for Cambodia.

¹⁵ National Employment Agency. 2018. Skill Shortages and Skills Gaps in the Cambodia Labour Market: Evidence from Employer Survey 2017.

¹⁶ World Bank, ILO, and United Nations Education Science and Culture Organization (UNESCO). Forthcoming. Building Better TVET Systems: Principles in Practice in Low and Middle-Income Countries.



training providers reporting to MLVT, 37 are public, which cater to the majority of the reported trainees, with several reputable NGO-run training institutions.¹⁷ Besides the MLVT, eleven other ministries also provide TVET training programs including the Ministry of Education, Youth and Sports (MoEYS) and the Ministry of Tourism. Despite the existence of the National Training Board (NTB), which was established in 1996 to set the direction for TVET policy and to coordinate the sector, inter-ministerial coordination and information sharing continues to be challenging.

12. **While TVET is a nascent sector in Cambodia, it has seen significant expansion in numbers over the past few years.** In OECD countries, rates of graduation from TVET are high: 27 percent of the workforce aged 25 to 64 have completed vocational education (either upper secondary or tertiary).¹⁸ In Cambodia, this figure is still only 0.63 percent of 25 to 64-year-olds. In 2021/2022, a total of 37,998 trainees (31 percent female) were enrolled in the 37 public TVET institutions. This is a small number when compared to 375,788 students enrolled in upper-secondary schools. Still, this is a large increase, of more than 80 percent, from about 20,000 students in 2017/2018.

13. **Cambodia has adopted key policies and roadmaps aiming to improve TVET, including the National TVET Policy 2017-2025 and the Skills Roadmap adopted in 2022.** Cambodia has set goals to improve jobs and upskill its population in the Rectangular Strategy 2019-2023 and in the National Employment Policy 2015-2025. One of the four strategic goals of the rectangular strategy is “Creating more jobs, in terms of both quality and quantity aspects, for the citizens of Cambodia, especially for the youth through skill training, provision of job market information, improvement in working conditions and promotion of business and investment inside and outside the country.”

14. **The RGC has taken steps to improve three key dimensions of skills development: (a) Employer Engagement in Skills Development (EESD); (b) Quality of training (which can be impacted directly but is also impacted by EESD); and (d) Information and orientation. However, all three dimensions need further reforms and investments.** Successful skills development systems—such as in Germany, Switzerland, and South Korea—rely on strong EESD. In other countries, where industry has been involved in the governance, design and provision of new training programs have also shown success.¹⁹ EESD has pervasive implications beyond simply ensuring that occupations and curricula correspond to labor demand: EESD also implies better quality of training as employers can train teachers, take on interns and improve their training, advise on up-to-date equipment and possibly provide it. They can also participate in skill certification and increase its quality and credibility. Quality can, however, also be impacted directly by public investments to update curricula, including with cross-cutting skills, upgrade equipment and physical environment, and teacher training. Finally, in a highly dynamic context such as Cambodia,

¹⁷ MLVT’s TVET Statistics for 2020-2021. Data for the first semester. 50 training institutions reported data: All 37 public institutions under the MLVT reported data. The percentage of students in public institutions among institutions that reported data is 92 percent. When assigning the mean values of enrollment in private and NGO-run institutions that reported information (which is 329) to those private and NGO-run institutions with missing data, the proportion of students in public institutions is still the majority, at 62 percent.

¹⁸ OECD. 2020. Education at a Glance. Global Indicators. Table A1.1. <https://www.oecd-ilibrary.org/docserver/69096873-en.pdf?expires=1665296679&id=id&acname=guest&checksum=1D2D25CF9DB58CF892DE9FC1CB2B4506>

¹⁹ Arias, Omar; Evans, David K.; Santos, Indhira. 2019. The Skills Balancing Act in Sub-Saharan Africa: Investing in Skills for Productivity, Inclusivity, and Adaptability. Africa Development Forum; Washington, DC: World Bank and Agence française de développement. World Bank. <https://openknowledge.worldbank.org/handle/10986/31723> License: CC BY 3.0 IGO.

Hoftijzer, M., Cunningham, W. 2020. Promoting Employer Engagement in Skills Development. A framework to address constraints to promote the effective engagement of enterprises in strengthening workforce skills. World Bank, mimeo.



providing information on labor demand, growing occupations and their skills requirements is key to encouraging investments in human capital.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To enhance quality and relevance of skills among Cambodia's upcoming and existing workforce, and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Key Results

- (a) Percentage of Employers satisfied with the skills of graduates of project-supported training programs
- (b) Percentage of graduates of project-supported training programs in good jobs six months after completion of training, disaggregated by gender and by upcoming and existing workforce
- (c) Number of new memoranda of understanding (MoU) between project-supported training institutions and employers, implemented at project-supported training institutions
- (d) Number of individuals receiving project-support job counseling or career guidance; or completing the career guidance self-assessment tool; disaggregated by gender and by type of activity

D. Project Description

15. **The proposed project will comprise four components:** (a) Skilling-up to respond to industry needs; (b) Information and orientation for better jobs; (c) Project management; and (d) Contingent emergency response component (CERC).

Component 1 – Skilling-Up to Respond to Industry Needs

16. This component will focus on promoting the quality and relevance of TVET by alleviating constraints of both industry and training providers to effectively collaborate. The focus is on facilitating partnerships between individual training providers and associated industry, by providing a mix of capacity building and financing – including results-based financing to training institutions - to improve both their willingness and ability to effectively interact. This will be complemented with improvements in the quality of training through strengthening key inputs such as curricula, teachers, and infrastructure; and with support to a broader group of stakeholders to also improve industry-provider collaboration at the national and sectoral levels.

Sub-component 1.1 – Sector-wide improvements in industry engagement and quality – in select sectors

17. This subcomponent will support (i) the establishment of SSCs in priority sectors and help build their capacity by engaging them in project implementation; (ii) quality improvements through curricula development and capacity building of staff at TVET institutions. The project will support the design of new STPs for occupations and levels that are considered crucial for expanding the priority economic sectors. Curriculum development will extend to the revision and improvement of Basic Competencies to ensure good coverage of 21st century skills; (iii) the training of teachers in the new curricula.

Sub-component 1.2 – Improvements in industry engagement and quality in select training institutions

18. This sub-component will improve the quality and relevance of training provision by promoting industry-provider collaboration for a select number of training institutions, through the results-based



financing of ILDPs. The sub-component will finance: (a) TA to support the training institution and firms to establish Industry-School Committees (ISCs) and to develop, implement, and monitor Industry Linkage Development Plan (ILDP); (b) ILDP implementation, including: (b1) civil works (in some cases), (b2) equipment; (b3) incentives for various forms of industry partnerships, e.g., joint curriculum adaptation, guest lecturers from industry, teacher training by industry, and internships. Training providers supported by this subcomponent will be selected based on their potential to deliver high quality and relevant training in priority sectors.

Component 2 – Information and Orientation for Better Jobs

Sub-Component 2.1 – Labor market information system (LMIS)

19. This sub-component will finance: (a) An LMIS roadmap, (b) The preparation, implementation, analysis, and dissemination of labor market surveys; (c) Review and possible upgrade of the job matching; (d) The digitization of self-assessment tools for career orientation; and (e) Modernization of the LMIS website, with IT upgrades, to integrate the results of (b), (c), and (d).

Sub-Component 2.2 – Job search support and career orientation

20. This sub-component will finance improvements in career orientation activities undertaken by the NEA along with the refurbishment of existing job centers and possibly the purchase of mobile job centers. This sub-component will finance: (a) Revising and strengthening career guidance and job counseling and conducting Training of Trainers (ToT) for staff to provide the counseling as well as short trainings on job search support or to increase job retention; (b) Expansion of these services, including through hiring of contract staff; and (c) Rehabilitation of select job centers, including renovations in seven job centers with equipment upgrades and the purchase of three mobile job centers.

Component 3 – Project Management, Monitoring and Evaluation

21. This component will support the establishment and maintenance of the project implementation arrangements, the operation of an effective project management unit, stakeholder engagement activities, M&E, and the operations of a grievance redress mechanism (GRM).

Component 4 – CERC

22. This component will provide swift response in the event of an Eligible Crisis or Emergency.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

23. The environmental risks are assessed as moderate. The risks are mainly associated to: (a) generation of package wastes/e-wastes connected to information and communication technology (ICT) upgrades for selected learning facilities and Labour Management Information System (LMIS); and (b)



generation of noise, dust, minor hydrocarbon spills, building construction wastes (hazardous and non-hazardous), pollutants such as stormwater and sediment discharges as well as health and safety risks from civil works activities for rehabilitation and new building construction for selected training facilities and job centers. Other possible impacts from proposed civil work activities will be related to the use of finite resources (construction materials, power, water, etc.) and the management of water use, energy use and waste during building operations. The nature and scale of building renovations, including scale of demolition and new buildings, will not be known until concept design is completed during project implementation. Overall, the anticipated environmental risks and impacts are anticipated to be limited, localized, site specific, and temporary, which would be easily mitigated during project implementation.

24. The Social Risks associated with the project are assessed as moderate. Based on potential new construction and rehabilitation/renovation works of TVET facilities, the project's activities may pose potential risks and impacts in the following areas: (a) Occupational Health and Safety (OHS) of workers, including risks of working at heights and wearing of Personal Protective Equipment (PPE); (b) Small-scale Labor Influx, particularly of skilled workers in provinces outside of the main cities; (c) working and labor conditions, including ensuring proper contracts are in place and there is no child or forced labor, and (d) a low risk of Gender Based Violence (GBV) and Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) mostly in the workforce but also during the operation of TVETs. In addition, the discrimination and exclusion of disadvantaged/vulnerable groups is also a project risk associated with all project activities, not just rehabilitation works, and this needs to be taken into account when developing trainings and curriculums as well as if TVETs are supported in provinces with Indigenous Peoples (IP).

25. There will not be any land acquisition, as civil works (building renovation/rehabilitation and new building constructions) will be limited within existing premises of beneficiary institutions. Among others, the project's LMP will ensure there is equitable opportunities for unskilled labor, that there is no child labor, that suitable worker's camps are set up (if needed), that appropriate precautions to prevent COVID are taken for both workers and the nearby community and that risks of GBV/SEA in the workforce and the community, including TVET students, are well managed during civil works and operations of the institutions. The OHS risks for the workforce and potential for additional Community Health and Safety risks, such as due to traffic in/out of the TVET center, have been assessed and will be managed as part of the Environmental and Social Code of Practices (ESCOPE) and/or Environmental and Social Management Plan (ESMP) of subprojects to be selected during project implementation. While the project is expected to bring benefits to project stakeholders, there are also social risks concerning social inclusion, particularly of disadvantaged groups such as IP. Considerations of people living with disabilities also need to be taken into account. A Rapid Social Assessment, part of the Environmental and Social Management Framework (ESMF), has examined these risks and suggested steps to maximize project benefits, which have been incorporated in the project's Stakeholder Engagement Plan (SEP), including measures to enhance inclusion of Indigenous groups as applicable.

26. To mitigate the environmental and social risks and impacts, the MLVT has prepared and disclosed the ESMF, which includes an e-waste management plan, Labour Management Procedures (LMP) and an ESCOP. The ESMF outlines procedures to be followed during implementation once subprojects have been identified, including screening and preparation of ESMP. In addition, the Project Operations Manual (POM) will also include description of technically and financially feasible measures to improve energy efficiency (EE) as per the World Bank Group (WBG) Environmental, Health, and Safety (EHS) Guidelines and relevant good international industry practices (GIIPs). The project has also prepared and disclosed a SEP and Environment and Social Commitment Plan (ESCP). The ESF documents were disclosed in-country



by MLVT on June 8, 2023, which was also redisclosed on June 27, 2023, after stakeholders' consultation of June 23, 2023. The ESMF was also publicly disclosed on the World Bank website on June 27, 2023.

E. Implementation

Institutional and Implementation Arrangements

27. **The project implementation agency is the MLVT who will take the overall responsibility for project implementation.** The MLVT will host a Project Management Unit (PMU) to manage the day-to-day operation and administration. The Department General of Vocational Education and Training (DG TVET) and the NEA of the MLVT will implement the activities under Components 1 and 2 respectively. Component 3 will be executed by the PMU to support project management and M&E. The project will develop a POM to guide the project implementation.

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APPROVAL

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