

SECTOR ASSESSMENT (SUMMARY): EDUCATION (TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING)

Sector Road Map

A. Sector Performance, Problems, and Opportunities

1. **Broad context.** Cambodia's growth rate averaged 7.1% during 2011–2017. It has largely followed the “Factory Asia” model of economic growth, deploying large numbers of inexpensive low-skilled labor to manufacture simple products, particularly garments and footwear, for export. Cambodia attained lower-middle-income status in 2015 with a gross national per capita income of \$1,070, which increased to \$1,230 in 2017.

2. Cambodia benefits from a demographic dividend. On average, Cambodia adds 200,000 persons to its labor force annually. While the agriculture sector contributed about 25% to annual gross domestic product, it was the source of 37% of all jobs in 2017. The industry sector was the source of 15% of all jobs in 2007 and 26% in 2017, and the service sector's share of all jobs increased from 27% to 37% during in the same period. Nonagricultural sectors have been the main source of job growth since 2012. This has been driven by an expansion in manufacturing, tourism, and construction. The structure of the Cambodian economy is changing steadily, with constantly high growth rates in the industry and service sectors and a relative decline of the share of agriculture.

3. **Main drivers of growth.** Exports continue to be the main driver of growth. The share of exports destined to two major markets, the European Union and United States, remained high at 70% in 2017. While textiles are the largest exports, new high-value manufacturers, especially of electrical appliances and components and auto parts, have led to diversify exports in the country. This is reinforced by the growing interconnectedness between the Cambodian economy and regional value chains for electrical and vehicle parts, as components produced in Cambodia as intermediate goods are exported to be further processed and/or assembled elsewhere.

4. **Skills shortage and skills gap.** Despite a favorable growth forecast, there are signs of medium-term downside risks. For example, the minimum wage in the garment sector more than doubled from \$80 a month in 2013 to \$182 a month in 2019 while labor productivity has not improved. The minimum wage in garment sector is already higher than that in Bangladesh and close to that of Viet Nam, which has a higher level of labor productivity.¹ Cambodia's Global Competitiveness Index ranking in the Global Competitiveness Report 2018 was 110th out of 140 economies.² Cambodia is among the lowest-ranking countries in some skills-related indexes such as quality of vocational training (118th), skillset of graduates (111th), ease of finding skilled employees (121th), and digital skills among population (107th). According to a survey by the National Employment Agency, technicians and associate professionals were the most difficult positions to fill because of skills shortages.³ A 2017 socioeconomic survey found that only 1.5% (1.8% for males and 1.1% for females) of Cambodia's total employed population held technical

¹ Labor productivity (based on hours worked) is 1.891 in Bangladesh, 1.859 in Cambodia, and 2.308 in Viet Nam. [Asian Productivity Organization](#). (accessed 17 September 2018).

² World Economic Forum. 2018. *Global Competitiveness Report*. Geneva.

³ Government of Cambodia, National Employment Agency. 2018. *Skills shortages and skills gaps in the Cambodian labour market: Evidence from employer survey 2017*. Phnom Penh.

and vocational education and training (TVET) qualifications.⁴ Increasing competitiveness of the economy requires an efficient, demand-driven TVET system to support skills development linked with movement up the value chain.

5. Lack of industry-relevant diploma-level technical and vocational education and training program. The Ministry of Labour and Vocational Training (MLVT) is responsible for TVET policies and programs. There are 325 TVET institutes registered across 12 different ministries (about 80% of institutes are private or nongovernment institutes). A total of 56 public technical training institutes (TTIs) offer TVET programs, of which 39 are under the MLVT and 4 under the Ministry of Education, Youth and Sports (MoEYS). However, a limited number of TVET institutes offer diploma-level postsecondary TVET programs, and these programs are mainly on business administration, and information and communication technology. Thus, companies face difficulties finding specialized skilled labor with advanced technical skills in subjects such as precision machining, mechatronics in manufacturing and construction, and electrical technology.

6. The present TVET curricula particularly at the diploma level, does not reflect required industry standards. It has not been updated for more than 10 years and there is no mechanism to regularly update to reflect rapidly changing industry needs. The notable exception is the Institute of Technology of Cambodia under the MoEYS, which has regularly updated programs and has good quality faculty. Many TTIs rely on theory-based teaching without much practical training for students to acquire higher technical skills. Facilities are not attractive and training equipment used in workshops or laboratories at the diploma level are mostly outdated and not aligned with current industry needs. TVET trainers lack technical and pedagogical skills and relevant industry experience. There is limited opportunity for trainers to upgrade their knowledge and skills through continuous professional development or to gain new industry-relevant skills. Therefore, TVET graduates lack not only industry-specific technical skills but also soft skills such as communication, teamwork, and entrepreneurship skills.

7. Various enterprise surveys in Cambodia point out that most employers do not know much about TVET programs and institutes. They have low expectations with regard to training quality, which is considered irrelevant to industry requirements. While some TTIs have initiated limited partnerships with the private sector, most TTIs lack the capacity to liaise with the private sector. To help address this, the MLVT in 2018 established four sector skills councils (SSCs) with the participation of private sector representatives in priority sectors. The envisaged roles of the SSCs are to (i) advise the government and TTIs on skills needs from industry and market trends, (ii) take part in the development of training programs including soft skills (such as communication and problem-solving skills), and (iii) assist TTIs to strengthen linkages with industry.

8. Lack of opportunities for upskilling and reskilling current workers. Formal training opportunities are limited only for those who have at least lower secondary education certificates. There is a limited pathway to reenter the training system for those who dropped out of school before completing lower secondary education. However, only 30% of Cambodia's working age population of 10.4 million completed lower secondary education (i.e., up to grade 9), of which only 6.6% completed postsecondary education. While this picture is changing rapidly, especially for the younger generation, many existing workers are trapped in low-wage and low-skill jobs without upskilling and reskilling opportunities.

⁴ Government of Cambodia, National Institute of Statistics, Ministry of Planning. 2018. *Cambodia Socio-Economic Survey 2017*. Phnom Penh.

9. Most small- and medium-sized enterprises do not have the capacity to provide any training to their employees.⁵ Large employers are mostly foreign-invested firms in special economic zones, investing in in-house and on-the-job training without any linkages with TTIs. Aside from increasing the access of new labor market entrants to TVET, it is critical for Cambodia to upgrade the skills and competencies of the existing workforce by expanding work-based continuous training opportunities.

10. **Inadequate financing to the technical and vocational education and training sector.** While the budget for the MLVT's Directorate General for Technical and Vocational Education and Training (DGTNET) has increased, overall it remains low. In 2018, the MLVT had a budget of \$54 million, or around 6% of the total national budget for education and training. Of this amount, over one-third (\$18.7 million) was allocated to the DGTNET. About 80% of the DGTNET budget is used for recurrent expenditures, particularly salaries of trainers and staff, and only limited resources are available to invest in TVET facilities and training equipment. The current level of public TVET financing is insufficient and not responsive to market needs in terms of the quality of skilled labor. The Ministry of Economy and Finance, with technical assistance from the Asian Development Bank (ADB), is piloting a skills development fund, an innovative TVET financing mechanism that currently uses government resources (\$5 million) to introduce an industry-driven workforce development program. The pilot skills development fund mechanism explores possibilities to increase private sector participation in TVET, and its financial and in-kind contributions to the sector.

B. Government's Sector Strategy

11. **National development plans.** The government prioritizes education and skills development as part of the Rectangular Strategy Phase IV, and the Industrial Development Policy (IDP), 2015–2025.⁶ It prioritizes human resources development to ensure competitiveness in an increasingly open regional labor market. The government also aims to develop a comprehensive, long-term, multisector policy framework to guide industrial development and skills development.

12. **Industrial Development Policy, 2015–2025.** The IDP aims to modernize and transform industry from labor intensive to skills driven by linking to the global value chain, integrating domestic industries into regional production networks, and strengthening competitiveness by improving productivity of domestic industries. The IDP highlights, among other things, the need to (i) promote the development of the manufacturing and agro-processing industries, (ii) develop industrial clusters to promote economic linkages and competitiveness.

13. **National Technical and Vocational Education and Training Policy, 2017–2025.** The National TVET Policy, 2017–2025, aims to contribute to the IDP's goal and vision through achieving four related goals: (i) improve TVET quality to meet national and international market demand, (ii) increase equitable access to TVET, (iii) promote public–private partnerships, and (iv) improve governance of the TVET system.⁷

⁵ About 97% of Cambodia's businesses are micro businesses, with establishments employing less than 10 employees accounting for 97% of a total in Cambodia.

⁶ Government of Cambodia. 2018. *Rectangular Strategy for Growth, Employment, Equity and Efficiency: Building the Foundation Toward Realizing the Cambodia Vision 2050, Phase IV*. Phnom Penh. Government of Cambodia. 2015. *Industrial Development Policy, 2015–2025*. Phnom Penh.

⁷ Royal Government of Cambodia. 2017. *National Technical and Vocational Education and Training Policy 2017–2025*. Phnom Penh.

C. ADB Sector Experience and Assistance Program

14. ADB has supported the education and TVET sector in Cambodia since 2001. Three phases of education sector development programs (2001–2005, 2004–2008, and 2012–2018) supported primary and lower secondary education reform to improve access and quality of education, including support for nonformal vocational training. The programs contributed to increase enrollment and completion rates in primary and lower secondary education and to improve teacher education.⁸ ADB's focus of education sector support has shifted to upper secondary education from 2016 in which comprehensive reform to improve completion, and quality and relevance of education were strategically sequenced in the long term.⁹

15. The first stand-alone TVET project, the Strengthening TVET Project (2008–2015), focused on improving nonformal and entry-level programs, resulting in increased enrollment in short-course programs from 6,300 trainees in 2004 to 27,000 trainees in 2018, and increased employment opportunities for semi-skilled workers. The ongoing TVET Sector Development Program (2015–2021) supports improvement of access and quality of certificate-level training programs (Cambodia Qualifications Framework levels 2–4 or grades 10–12) and development of (i) skills standards for key certificate-level occupations; (ii) assessment, certification, and quality assurance system; (iii) the National TVET Policy, 2017–2025; and (iv) SSCs for priority sectors. The number of trainees who completed certificate-level training increased from 918 (22% women) in 2012 to 3,194 (24% women) in 2018.¹⁰ A 2017 labor market and TVET assessment found that ADB TVET support has been spread rather thinly among the institutes under the MLVT and recommended concentrating future support on a smaller number of institutes with a clear sector focus, including those under other ministries.¹¹ The Skills for Competitiveness Project builds on these recommendations and aims to help transform the selected five TTIs to produce high-quality technicians in the priority industries. The project will also strengthen industry's role and engagement in skills development, focusing on upskilling and reskilling of existing workers.

Cambodia National Qualifications Framework adopted by the National Training Board

CQF Level	General Education System	TVET System	Higher Education System
8		Doctoral degree	Doctoral degree
7		Master of technology and/or business	Master's degree
6		Bachelor of technology and/or business	Bachelor's degree
5		Diploma of technical and/or business	
4		TVET Certificate 3	
3	Upper secondary school (grades 10–12)	TVET Certificate 2	
2		TVET Certificate 1	
1	Lower secondary school (grades 7–9)	Vocational certificate	

CQF = Cambodia Qualifications Framework; MOEYS = Ministry of Education, Youth and Sport; TVET = technical and vocational education and training.

Source: Government of Cambodia, Ministry of Labour and Vocational Training.

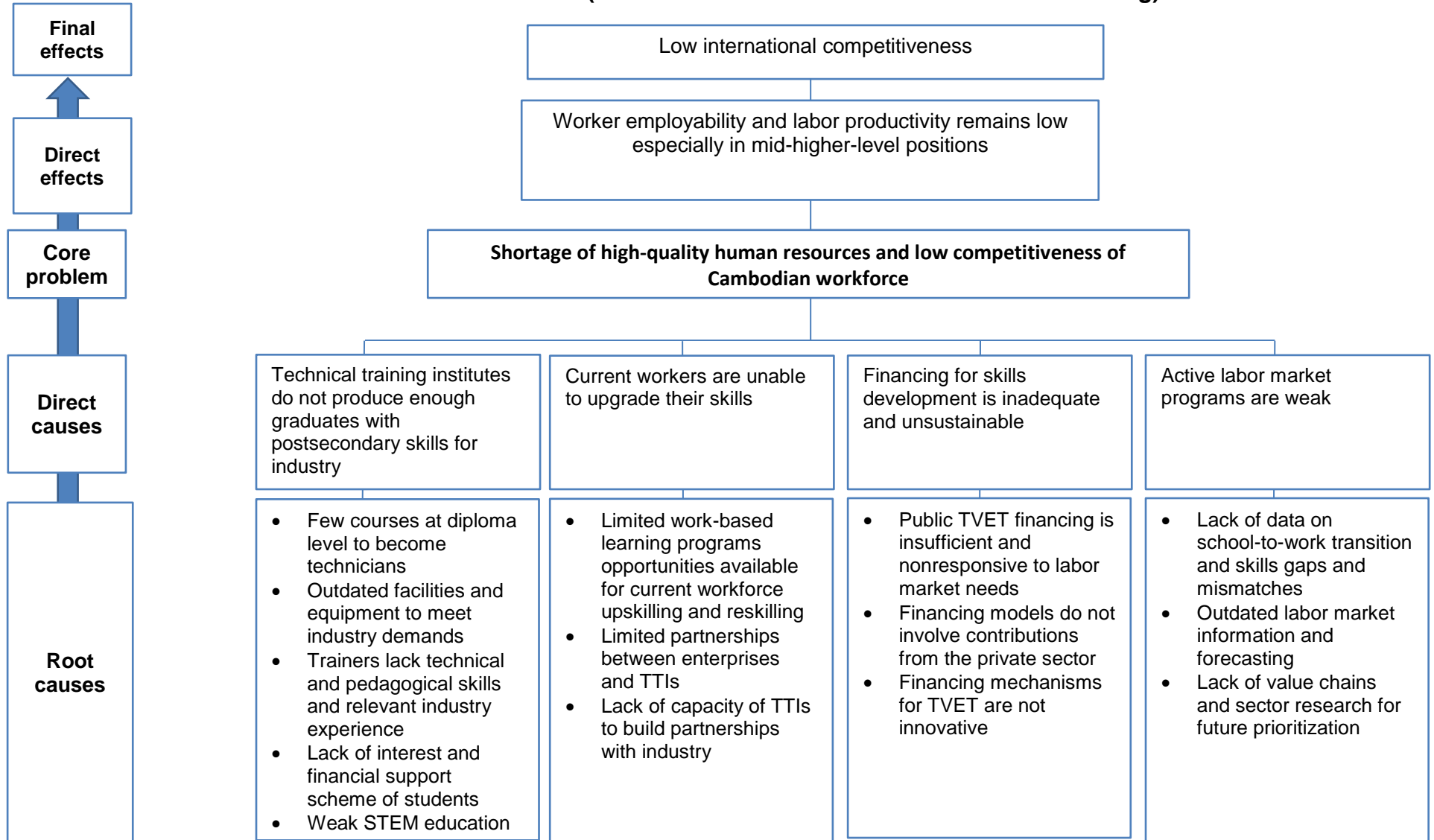
⁸ Net enrollment rate for primary education (including private school) reached 97.8% (92.9% female) in school year (SY) 2017–2018 from 78% in SY1997–1998. Primary school completion rates as of SY2016–2017 is 79.87%.

⁹ ADB. [Cambodia: Upper Secondary Education Sector Development Program](#); and ADB. [Cambodia: Second Upper Secondary Education Sector Development Program](#).

¹⁰ ADB. [Cambodia: Strengthening Technical and Vocational Education and Training Project](#); and ADB. [Cambodia: Technical and Vocational Education and Training Sector Development Program](#).

¹¹ ADB. Kingdom of Cambodia: Labor Market and TVET Sector Review. Unpublished.

Problem Tree for Education (Technical and Vocational Education and Training)



STEM = science, technology, engineering, and mathematics; TTI = technical training institute; TVET = technical and vocational education and training.

Source: Asian Development Bank.