



Cambodia: Skills for Future Economy Sector Development Program (Subprogram 1)

Project Name	Skills for Future Economy Sector Development Program (Subprogram 1)												
Project Number	55360-001												
Country / Economy	Cambodia												
Project Status	Approved												
Project Type / Modality of Assistance	Loan												
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 4331-CAM: Skills for Future Economy Sector Development Program (Subprogram 1)</td></tr><tr><td>Concessional ordinary capital resources lending</td><td>US\$ 20.00 million</td></tr><tr><td colspan="2">Loan 4332-CAM: Skills for Future Economy Sector Development Program (Subprogram 1)</td></tr><tr><td>Concessional ordinary capital resources lending</td><td>US\$ 80.00 million</td></tr><tr><td colspan="2">Loan 8452-CAM: Skills for Future Economy Sector Development Program</td></tr><tr><td>Agence Francaise de Developpement</td><td>US\$ 25.00 million</td></tr></table>	Loan 4331-CAM: Skills for Future Economy Sector Development Program (Subprogram 1)		Concessional ordinary capital resources lending	US\$ 20.00 million	Loan 4332-CAM: Skills for Future Economy Sector Development Program (Subprogram 1)		Concessional ordinary capital resources lending	US\$ 80.00 million	Loan 8452-CAM: Skills for Future Economy Sector Development Program		Agence Francaise de Developpement	US\$ 25.00 million
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Operational Priorities	OP1: Addressing remaining poverty and reducing inequalities OP2: Accelerating progress in gender equality OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability OP6: Strengthening governance and institutional capacity												
Sector / Subsector	Education / Technical and vocational education and training												
Gender	Effective gender mainstreaming												
Description	The sector development program (SDP) is part of the Asian Development Bank (ADB) support to the Government of Cambodia to strengthen human capital and transform the country into a technology-driven, knowledge-based industrial economy. It combines a programmatic PBL approach with a project investment to achieve strategically sequenced structural and institutional reforms in technical and vocational education and training (TVET), which includes increased private sector involvement to address skills gaps and shortages. The SDP will improve employability of the current and future labor force through policy reforms and project investments that will mutually reinforce each other to enhance the skills development ecosystem, deliver industry-led inclusive training, and mobilize more resources for demand-driven skills development.												
Project Rationale and Linkage to Country/Regional Strategy	Macroeconomic context. From 2000 to 2019, Cambodia's gross domestic product (GDP) grew at an average rate of 7.7% per year. While the share of the services sector in GDP remained at about 40.0% during that period, industry sector contributions increased from 23.0% in 2000 to 36.0% in 2019. Garment exports, construction, light manufacturing, and the tourism and hospitality subsectors drove this rapid expansion. The human development index for Cambodia improved from 0.42 in 2000 to 0.59 in 2019. However, many people remain vulnerable to poverty and gender-related disparities about 17.8% of the population was living below the national poverty line in 2019. In 2021, Cambodia ranked 116 out of 170 countries on the gender inequality index (footnote 4). Because of the country's geography, weak governance, and heavy dependence on climate-sensitive sectors, Cambodia is highly vulnerable to the impacts of climate change. Impact of the pandemic and economic recovery. The coronavirus disease (COVID-19) pandemic threatened the development gains achieved since 2000. The economy contracted by 3.1% in 2020 (footnote 2) before rebounding to 5.2% growth in 2022, with 5.5% growth in GDP projected for 2023. The fiscal deficit is also expected to narrow to about 5.0% of GDP in 2023 from about 7.0% in 2021 and decrease further thereafter. Public debt is expected to continue to grow from 33.9% of GDP in 2020 to about 34.7% in 2023, but debt distress risks remain low (footnote 7). Unemployment remains low, averaging 0.61% in 2021, a slight increase of 0.28 percentage points from 2020. Boosted by resilient exports and increased domestic consumption stimulus, the economy is expected to recover further from the pandemic-related slowdown (footnote 6). While Cambodia's overall macroeconomic conditions and policies are considered satisfactory, the country's post-pandemic recovery remains vulnerable to shocks due to slowing global economic growth and accelerating inflation, particularly for the poor and vulnerable. The 1.5 years of lost schooling for the current cohort of Cambodian students will have long-term impacts on human capital, leading to a loss of worker productivity and welfare, as well as income disparities.												
Impact	Cambodia's industry is modernized and transformed from labor intensive to skills driven (Industrial Development Policy 2015-2025)												
Project Outcome													
Description of Outcome	Employability of current and future labor force improved												
Progress Toward Outcome													
Implementation Progress													
Description of Project Outputs	Skills development ecosystem strengthened Industry-led inclusive skills training delivered Skills Development Fund enhanced												
Status of Implementation Progress (Outputs, Activities, and Issues)													
Geographical Location	Nation-wide												
Safeguard Categories													
Environment	B												
Involuntary Resettlement	C												
Indigenous Peoples	C												
Summary of Environmental and Social Aspects													

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Yamakawa, Yumiko
Responsible ADB Department	Sectors Group
Responsible ADB Division	Human and Social Development Sector Office (SG-HSD)
Executing Agencies	Ministry of Labour and Vocational Training

Timetable

Concept Clearance	24 Apr 2022
Fact Finding	24 Jan 2023 to 07 Feb 2023
MRM	16 May 2023
Approval	31 Jul 2023
Last Review Mission	-
Last PDS Update	31 Jul 2023

Project Page	https://www.adb.org/projects/55360-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=55360-001
Date Generated	23 September 2023

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