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:
- 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

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

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:
- Employability of current and future labor force improved

Progress Toward Outcome:

Implementation Progress:
- Skills development ecosystem strengthened
- Industry-led inclusive skills training delivered
- Skills Development Fund enhanced

Geographical Location: Nation-wide

Summary of Environmental and Social Aspects:
- Environment: B
- Involuntary Resettlement: C
- Indigenous Peoples: C
## Environmental Aspects

## Involuntary Resettlement

## Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

<table>
<thead>
<tr>
<th>During Project Design</th>
<th>During Project Implementation</th>
</tr>
</thead>
</table>

### 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

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept Clearance</td>
<td>24 Apr 2022</td>
</tr>
<tr>
<td>Fact Finding</td>
<td>24 Jan 2023 to 07 Feb 2023</td>
</tr>
<tr>
<td>MRM</td>
<td>16 May 2023</td>
</tr>
<tr>
<td>Approval</td>
<td>31 Jul 2023</td>
</tr>
<tr>
<td>Last Review Mission</td>
<td>-</td>
</tr>
<tr>
<td>Last PDS Update</td>
<td>31 Jul 2023</td>
</tr>
</tbody>
</table>

### 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
30 September 2023

### ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided “as is” without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.