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

**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.

**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

<table>
<thead>
<tr>
<th>During Project Design</th>
<th>During Project Implementation</th>
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<tr>
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<thead>
<tr>
<th>Responsible ADB Officer</th>
<th>Yamakawa, Yumiko</th>
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<tbody>
<tr>
<td>Responsible ADB Department</td>
<td>Sectors Group</td>
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<tr>
<td>Responsible ADB Division</td>
<td>Human and Social Development Sector Office (SG-HSD)</td>
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<tr>
<td>Executing Agencies</td>
<td>Ministry of Labour and Vocational Training</td>
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#### Timetable

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

https://www.adb.org//projects/55360-001/main

**Request for Information**

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**Date Generated**

25 November 2023

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