SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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<th>Country:</th>
<th>Cambodia</th>
<th>Project Title:</th>
<th>Skills for Competitiveness Project</th>
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<td>Lending/Financing Modality:</td>
<td>Project Loan</td>
<td>Department/Division:</td>
<td>Southeast Asia Department Human and Social Development Division</td>
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### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

**A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy**

Cambodia’s Rectangular Strategy Phase IV sets the government strategy for education and skills development to increase Cambodia’s future competitiveness and productivity in the regional and global market and to support poverty reduction and inclusive growth. The Industrial Development Policy (IDP), 2015–2025 and the National Technical Vocational Education and Training (TVET) Policy, 2017–2025 reaffirm the government’s priority and commitment to skills development and inclusive growth. The IDP aims to modernize and transform Cambodia’s industrial structure from labor intensive to skills driven by linking to the global value chain, integrating into regional production networks, and strengthening competitiveness by improving productivity of domestic industries. The National TVET Policy will contribute to the IDP’s goal and vision by increasing equitable access to TVET and improving TVET quality to meet national and international market demand.

The Asian Development Bank (ADB) is finalizing a new country partnership strategy, 2019–2023 for Cambodia that will promote alignment with national priorities and strategies for skills development. One of the three pillars of the new country partnership strategy is human capital development. The Skills for Competitiveness Project is consistent with ADB’s sector strategy to strengthen TVET and private sector development through skills development.

**B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence**

1. **Key poverty and social issues.** The Government of Cambodia has made good progress in reducing poverty in the country, which declined from 47.8% in 2008 to 13.5% in 2014. However, many people remain near-poor and economically vulnerable. About 4.5 million people remain near-poor, living on less than $2.3 per person per day. About 78% of the total Cambodian population live in rural areas, and 90% of the poor live in rural areas.

The labor force participation in Cambodia is among the highest in Southeast Asia, but the educational level of the labor force is critically low. Of the total labor force, about 42% have not completed primary education, 29% have only a primary education, 15% have completed lower secondary education, and 7% have an upper secondary education. Skills shortages are caused by low enrollment (except at the primary school level), high dropout rates, and poor learning and training outcomes, especially in rural areas. While there was near gender parity in primary and secondary education enrollment during school year 2016–2017, regional disparities and low overall net enrollment rates in upper secondary education (19.4% overall, 21.6% female) undermine primary education gains. In the formal work sector, women comprise only 27% of wage employment, mostly in low-paid garment industry jobs. Key constraints to female students accessing higher education and TVET include negative social attitudes toward girls’ education and training, child marriage, and long distance between home and schools.

2. **Beneficiaries.** The primary beneficiaries of the project will be (i) diploma students in selected technical training institutes (TTIs) and (ii) low-skilled workers who will participate in work-based learning (WBL) programs and training programs funded by the pilot skills development fund (SDF). These beneficiaries will benefit from increased employability and higher incomes. The majority of TVET students come from low-income families. Secondary beneficiaries will include trainers and management staff of TTIs, who will gain opportunities to upgrade their industry-relevant skills through continuous professional development in partnerships with industry. Tertiary beneficiaries will be industries and/or enterprises who will be able to find and hire higher-skilled workers.

3. **Impact channels.** The project will improve the skills and competitiveness of TVET graduates and of existing workers to access better-quality and industry-relevant skills training. It will support generating quality jobs and improving workers’ income levels. By promoting access to and improving the quality of TVET, the project will directly contribute to poverty reduction. Equipped with better skills, young people will have access to better jobs, earn higher incomes, and become drivers of inclusive growth.

4. **Other social and poverty issues.** Not applicable.

5. **Design features.** The project will promote WBL programs with industry partnerships focusing on upskilling and reskilling existing workers for better employability and higher incomes. The WBL programs will address demands from industries for (i) technical skills; (ii) soft skills such as communication, entrepreneurship, and teamwork skills; and (iii) crosscutting skills such as information and communication technology and English language skills. Training modalities

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**Skills for Competitiveness Project (RRP CAM 50394)**
include the delivery of training in the workplace by a training provider, TTI-based specialized training, or a mix of both. The WBL programs can be delivered through intensive full-time short courses, or part-time, as may be agreed or preferred by the enterprises.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. Extensive consultations took place during the project design phase with stakeholders, including the Ministry of Labour and Vocational Training; the Ministry of Education, Youth and Sport; the Ministry of Economy and Finance; representatives from the private sector; enterprises in special economic zones; employers; TTI graduates; and students and staff from public, private, and/or nongovernment TTIs.

2. Civil society organizations. The pilot SDF will encourage private training institutes, including this run by nongovernment organizations and/or civil society organizations that will access the fund to provide upskilling and reskilling opportunities for youth.

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):
   - Information gathering and sharing (M)
   - Consultation (M)
   - Collaboration (M)
   - Partnership (NA)

5. Participation plan.
   - Yes.
   - No.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: effective gender mainstreaming

A. Key issues. The low level of education and lack of skills development opportunities are recognized as serious obstacles for women's economic development in Cambodia. Women's labor force participation is high, yet large numbers of women are employed in low-paid industry and service jobs and as own-account workers, making them economically vulnerable. Nearly 60% of rural migrant women move to Phnom Penh to work in the garment industry, which provides easily accessible and low-paid job opportunities to low-skilled workers. More than half of work-aged women are self-employed, mostly running micro and small enterprises. Most female-run businesses are engaged in weaving textiles and tailoring, and running small food stalls and restaurants. Female-run businesses are generally smaller and less profitable than male-run businesses; while women own the majority of businesses in Cambodia, their businesses account for only 40% of total business revenue and 51% of total business profits. With regard to TVET, cultural constraints remain a barrier. Most families do not want their daughters to enroll in TVET, especially in the technical sector, because they believe that technical skills are suitable for men, not for women. As a result, female student enrollment in TVET programs is very low; the statistics on TVET program enrollment show that 29% of the total female enrollment was in English language, 16% in accounting and finance, 16% in information technology, 6% in Business Administration. In particular, the low share of female students in technical training courses is significant, such as electricity (6%), civil engineering (4%), electronics (5%), and air-conditioning (2%).

B. Key actions.
   - Gender action plan
   - Other actions or measures
   - No action or measure

Gender actions to be incorporated into the project include (i) integrating gender-responsive design features and accessible design features for disabled students in facilities updated or constructed; (ii) increasing the number of female students enrolled and graduates in priority sectors; (iii) ensuring that all new curriculum and module development portrays a positive image of women working in the selected professions; (iv) increasing the number of female trainers, industry liaison unit staff, and management staff of TTIs receiving training opportunities to develop their technical skills and to gain industry-relevant skills in partnerships with industry; (v) ensuring fair provision of merit-based stipends to female students; (vi) increasing the number of female management staff in the selected TTIs; and (vii) conducting social marketing and awareness-raising campaigns with industry and training providers to promote the inclusion of female students as a priority in training proposals submitted to the pilot SDF.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. Key impacts. The executing agency confirmed that all selected TTIs are existing, operational educational facilities located on state-owned land plots that will not require acquisition of additional land and/or involuntary resettlement. All the planned civil works will take place within the campus areas of the selected TTIs.

2. Strategy to address the impacts. Due diligence confirms that the project activities do not involve any involuntary resettlement impacts.

3. Plan or other Actions.
   - Resettlement plan
   - Resettlement framework
   - Environmental and social management system arrangement
   - No action

   Combined resettlement and indigenous peoples framework
   Combined resettlement framework and indigenous peoples planning framework
   Social impact matrix

B. Indigenous Peoples

Safeguard Category: A B C FI

1. Key impacts. The project is not expected to have any impact on indigenous peoples, as it is not being implemented in provinces with prevalent indigenous communities.
2. **Strategy to address the impacts.** Due diligence confirms that the project activities will not directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples; or affect the territories of natural or cultural resources that indigenous peoples own, use, occupy, or claim as their ancestral domain.

3. **Plan or other actions.**

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<tr>
<td></td>
<td>Indigenous peoples plan</td>
<td>Combined resettlement plan and indigenous peoples plan</td>
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<td>Indigenous peoples planning framework</td>
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<td>Environmental and social management system arrangement</td>
<td>Indigenous peoples plan elements integrated in project with a summary</td>
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<tr>
<td>□</td>
<td>Social impact matrix</td>
<td>No action</td>
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| □ | TVET Statistics Academic Year 2016 |
| □ | TVET Statistics Academic Year 2017 |
| □ | National Technical and Vocational Education and Training Policy 2017–2025 |
| □ | Cambodia Socio-Economic Survey 2017 |

V. **ADDRESSING OTHER SOCIAL RISKS**

A. **Risks in the Labor Market**

1. Relevance of the project for the country’s or region’s or sector’s labor market, indicated as high (H), medium (M), and low or not significant (L).

2. **Labor market impact.** The project is designed to help the selected TTIs upgrade their facilities, human resources (trainers), and diploma level TVET programs to produce graduates with industry-relevant skills and higher employability and to meet labor market demands. In addition, promoting WBL programs and expanding the pilot SDF will address issues of upskilling and reskilling members of the existing workforce who are mostly trapped in low-skill, low-wage jobs.

B. **Affordability**

To address inequality in access to TVET, the project will introduce merit-based stipends for diploma-level students to support poor students.

C. **Communicable Diseases and Other Social Risks**

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):

   - Communicable diseases (NA)
   - Human trafficking (NA)
   - Others (please specify)

2. **Risks to people in project area.** There are no anticipated risks to people in the project area.

VI. **MONITORING AND EVALUATION**

1. **Targets and indicators.** Sex-disaggregated outcome and output indicators will be monitored. Outcome indicators include (i) the number of graduates who find initial employment within 6 months and (ii) the share of the employed population with TVET qualifications. Output indicators include (i) enrollment; (ii) the number of trainers; (iii) the number of potential beneficiaries of WBL programs; (iv) the number of potential beneficiaries of the pilot SDF; and (v) results of the tracer study.

2. **Required human resources.** The project implementation consultant team in the project management unit will include a part-time gender specialist (24 person-months) and a safeguards specialist (12 person-months) who will support gender action plan implementation, safeguards monitoring, and reporting. Each implementing agency will assign counterpart staff to implement, monitor, and report on the gender action plan.

3. **Information in the project administration manual.** Indicators and targets identified in the design and monitoring framework, gender action plan, and safeguards reporting will be included for project review, monitoring, and reporting.

4. **Monitoring tools.** The project management unit will prepare quarterly progress reports by compiling information from the three implementing agencies. ADB and the executing agency will jointly conduct semiannual review missions with other government agencies. The project steering committee and project management unit will hold regular meetings.

Source: ADB.