KINGDOM OF CAMBODIA
Nation Religion King

Royal Government of Cambodia

# CAMBODIA ROADMAP

## Cambodia's Roadmap of the Global Accelerator on Decent Jobs and Social Protection for Just Transitions

**Acknowledgement:** The content of this Roadmap was endorsed by the Prime Minister of Cambodia in December 2024. However, this version is not yet the final official version and will be finalized upon completion of the achievement indicators.

# Contents

**PREFACE** ..... **I**

**1. CAMBODIA A GLOBAL ACCELERATOR 'PATHFINDER' COUNTRY** ..... **2**

**2. CAMBODIAN CONTEXT ACHIEVEMENTS, ISSUES, CHALLENGES, REFORM PRIORITIES** ..... **3**

2.1. MAJOR ACHIEVEMENTS OF CAMBODIAN DEVELOPMENT ..... 3

**2.2. CURRENT PROGRESS AND CHALLENGES TO JOBS AND SOCIAL PROTECTION FOR JUST TRANSITIONS** ..... 4

**2.3. CAMBODIA'S STRATEGIC VISION FOR GROWTH, EMPLOYMENT, EQUITY, EFFICIENCY AND SUSTAINABILITY** ..... 7

**3. THEORY OF CHANGE, TARGET GROUPS, AND EXPECTED IMPACT** ..... **9**

3.1. THEORY OF CHANGE ..... 9

3.2. PRIORITY ACTIONS AND POLICY REFORMS SUPPORTED BY THE GA ..... 19

3.3. TARGET GROUPS ..... 22

**4. RESOURCE MOBILIZATION AND FINANCING STRATEGIES** ..... **23**

**5. COORDINATION AND GOVERNANCE MECHANISM** ..... **25**

**6. IMPLEMENTATION STRATEGY OF THE GA** ..... **25**

**ANNEX: ACHIEVEMENT INDICATORS** ..... **19**

# Preface

To be updated

## 1. Cambodia a Global Accelerator 'Pathfinder' Country

Employment and social protection are essential building blocks for achieving Cambodia's Vision 2050. They are mutually reinforcing in shaping people's lives and the country's development ambitions. They are also the foundation for creating and promoting decent work as drivers of social justice. Employment is necessary for decent work and is possible within an economy that generates opportunities for investment, entrepreneurship, skills development, job creation, and sustainable livelihoods. On the other hand, social protection is critical for ensuring inclusive, effective and financially stable to reduce and prevent poverty, vulnerability, inequality and to improve human resource development and stimulate economic growth.

The Global Accelerator on Jobs and Social Protection for Just Transitions (GA) is an initiative of the UN Secretary-General launched in September 2021. It supports countries in developing and implementing sustainable and integrated policy and financial solutions building on enhanced multilateral cooperation to tackle multiple crises and create a virtual cycle of sustainable development where combined investments in social protection and decent job creation generate high economic and social returns and facilitate the transition to a resilient, sustainable, and inclusive society. Building on the existing national efforts and commitments, it amplifies the ongoing work, creates synergies, and maximizes impact.

The GA is not business as usual but requires significant investments in the development and implementation of integrated policy and sectoral approaches, involving various ministries, UN agencies, private sectors, Development partners, and CSOs to achieve joint concrete impacts in terms of decent jobs, social protection and just transitions. This will lead to a virtuous cycle of sustainable development with social and political outcomes such as poverty reduction, improved social protection coverage and the formalisation of jobs, and an increase in fiscal space for social protection and social sectors. The GA does not aim to supersede existing national development plans and policies, rather it should act as a key vehicle to support their implementation and increase their social, environmental, and economic impacts.

This Cambodia's Roadmap of the Global Accelerator on Decent Jobs and Social Protection for Just Transitions Roadmap (Cambodia's Roadmap of the Global Accelerator) analyses the current priorities, achievements, lessons learnt and remaining challenges, and identifies the strategic entry points and the priority areas of immediate action to accelerate just transitions in Cambodia through integrated actions to create decent work for all and build integrated and inclusive social protection systems including access to universal health coverage.

## 2. Cambodian Context Achievements, Issues, Challenges, Reform Priorities

Cambodia had consistently maintained high growth for two decades prior to COVID-19, leading to remarkable economic development, poverty reduction, and lower middle-income status. With these achievements, Cambodia has a vision of becoming a high-income country by 2050. Cambodia's Vision 2050 envisages the realization of a vibrant society, a country with high income and a strong economy, high knowledge and lifelong skills, living in dignity, happiness, and social justice with equity, equal rights and equal opportunity, a harmonious physical and natural environment, and an inclusive balance of development and conservation.

Cambodia's economy has shown promising signs of diversification in recent years, but Cambodia's growth is still reliant on limited sectors (construction, tourism, and garment sectors)[1] and products (e.g., rice exports) that are prone to external shocks as well as effect from climate change, thus exposing a significant proportion of the population to loss of income, jobs, and livelihoods. Such impact could intensify people's vulnerability and prospects for economic empowerment in a highly uncertain global context, in turn, affecting the progress towards LDC graduation. Cambodia also lags in labour productivity, reflecting limited human capital.[2] Climate change can further affect productivity by impacting food security, nutrition, health, sanitation, etc. that could have significant implications on the labor market, skills, etc. potentially excluding the most vulnerable people.

### 2.1. Major achievements of Cambodian development

The *Pentagonal Strategy*,[3] endorsed by the Royal Government of Cambodia in August 2023, highlights the following achievements over the past 25 years relevant to the GA for Cambodia:

- A sustainable peace with national sovereignty, social order, safety and security, and political stability as the foundations of socio-economic development.
- Economic growth at an average of 7% per annum during the pre-pandemic period, achieving lower middle-income status, strengthening and expanding economic diversification, maintaining macroeconomic stability, enabling stimulus budgets to support economic growth, and

[1] World Bank (2024). Cambodia - Second-Generation Systematic Country Diagnostic Update : Main Report (English). Washington, D.C.: World Bank Group. pp.21-25 http://documents.worldbank.org/curated/en/099012224085033225/BOSIB1e72e3ee208f19ba517512836803d7

[2] World Bank (2021). RESILIENT DEVELOPMENT. A STRATEGY TO DIVERSIFY CAMBODIA'S GROWTH MODEL. Cambodia Country Economic Memorandum. p.xv https://documents1.worldbank.org/curated/en/099925001262213662/pdf/P1719580f183f60bb0ac1e01e64a9c905ea.pdf

[3] The Pentagonal Strategy Phase 1 For Growth, Employment, Equity, Efficiency and Sustainability: Building the Foundation Cambodia's Vision Towards Achieving 2050.

improving living standards with an increase in per capita income from USD 1,563 in 2018 to approximately USD 1,785 in 2022.

- Reduction of poverty and inequality through social policies: increasing civil servants' salaries and the minimum wage, lower-cost electricity, water, and public transport, implementing more effective mechanisms for labour disputes resolution, and implementing a cash transfer programme for livelihood support to people affected by COVID-19 and other shocks.
- Significant improvement in public health outcomes in controlling and preventing COVID-19 and in maternal, infant and child mortality rates, HIV prevalence, and death from infectious and chronic diseases.
- Education reform focused on developing human capital and skills to meet national development and labour market needs, including establishment of new generation schools, strengthening the quality of teaching and learning, updating curriculum and study programs, and scholarships for poor and vulnerable students.
- Strengthening and expanding social protection through including: establishment of the National Social Assistance Fund, reform and expand the coverage through the roll-out of new schemes under the National Social Security Fund including pension for private sectors; roll-out of the emergency cash transfer programs for poor and vulnerable in response to the impacts from COVID 19; identification of near-poor population or "at-risk households" for cash benefits in time of flood and inflation. With the latest development, the government has launched many policies and programs to further develop the social protection system in Cambodia such as the Family Package program (integrated social assistance); the shock responsive social protection framework for systematic, effective, and timely response to shocks; the TVET program for youth from poor and at-risk households, aiming to improve their employability and income opportunities; Universal Health Coverage Roadmap for promoting health coverage, quality service, and reducing Out-of- Pocket expenses.
- In 2021, Cambodia's per capita income was equivalent to USD 1,377, a human wealth index of 74.3, and an economic and environmental risk index of 30.6, which puts Cambodia out of the list of least developed countries (LDC) according to UN criteria. Cambodia will be reassessed in 2024 and can be recommended to leave the LDC status by 2029.

## 2.2. Current progress and challenges to jobs and social protection for just transitions

Additional to the major achievement above, it is worth highlighting the progress as well as challenges that Cambodia still faces in fully achieving its socio-economic development goals in creating decent work, building comprehensive social protection, and advancing the just transition:

### 2.2.1. Fiscal space and integration between investment and labour market policies

**Fiscal constraints present significant hurdles to addressing key development priorities.** Revenue generation challenges,[4] including informal economy[5], limit the government's financial capacity to invest in jobs and social protection policies. Competing demands for budget allocation across critical sectors like public sector, infrastructure, healthcare, and education further strain available resources. Economic shocks, such as the COVID-19 pandemic, added to these challenges, disrupting revenue streams and necessitating additional resources for crisis response. Public investment planning has been significantly improved, but should be continuously strengthened to improve investment efficiency, given the large public investment needs.[6]

Further, **policy alignment poses a significant challenge** due to unsynchronized policy frameworks and national strategies, limited or onerous coordination mechanisms, and complex interdependencies among various sectors and institutions. Addressing this challenge requires strengthening institutional coordination mechanisms, enhancing policy coherence frameworks, and promoting multi-stakeholder collaboration. Building institutional capacity in policy design and monitoring and evaluation, improving data availability and interoperability, and fostering evidence-based policymaking are essential for overcoming alignment barriers and advancing sustainable development objectives in Cambodia.

### 2.2.2. Informal economy and unskilled labour

**The Cambodian informal economy is a multi-sectoral phenomenon, deeply embedded in the economic reality of the country**. The informal economy contributes significantly to business creation, occupations and employment and is the main source of income for millions of Cambodians. However, informality is a major obstacle for realising decent work and extending social protection especially for women, who own approximately 62 percent of micro-businesses.[7] A large number of employed persons by occupation and enterprise work and do businesses in the informal economy in many sectors in Cambodia including transportation, services, wholesale and retail, handicrafts, and agriculture. Of 7.9

[4] IMF. (2024). Article IV. Cambodia. p.15
https://www.imf.org/en/Publications/CR/Issues/2024/01/29/Cambodia-2023-Article-IV-Consultation-Press-Release-and-Staff-Report-544276

[5] RGC. (2023). National Strategy for Informal Economy Development 2023-2028. p.13

[6] IMF. (2024). Article IV. Cambodia. pp.14-15
https://www.imf.org/en/Publications/CR/Issues/2024/01/29/Cambodia-2023-Article-IV-Consultation-Press-Release-and-Staff-Report-544276

[7] International Finance Corporation. (2019). Exploring the Opportunities for Women-owned SMEs in Cambodia. p.14
https://documents1.worldbank.org/curated/en/654951573044863479/pdf/Exploring-the-Opportunities-for-Women-owned-SMEs-in-Cambodia.pdf

million employed population in Cambodia, 88% of them were in informal employment.[8] This divide was further compounded by the economic impact of the COVID-19 pandemic. Consequently, informal workers still have limited access to social protection schemes and benefits, hence, vulnerable to different life-cycle risks. Going forward, formalization of jobs and enterprises is integral for Cambodia's long-term socioeconomic development. In this spirit, the government has recently introduced a comprehensive National Strategy for Informal Economic Development 2023-28 (NSIED), along with the roll-out of the voluntary heath scheme for self-employed and informal workers under NSSF as well as many other initiatives and reform measures. The effective implementation of the NSIED will be key to the formalization of jobs and enterprises in Cambodia.

**The quality of human resources is still limited** in building an economy based on skills, technology and innovation, with competent human resources, technical skills, professionalism and high human capital as key factors for national economic strength the sustainability of development and competitiveness, especially in the context of increasing global competition. To address this concern, the government has continued to prioritize human capital development both in terms of education and technical skills training among other. Most noticeably, the government has launched the TVET program for youth from poor and at-risk households, aiming at providing skills training for 1.5 million individuals, which provide them with better employment and income opportunity while at the same time contributing to economic growth. More has to be done in term of quality of skill training and ensure demand-driven to balance demand-supply of skills in the market.

### 2.2.3. Social protection and health c6overage and adequacy

Prior to Covid-19 pandemic, social protection coverage in Cambodia remained limited; however, for the last 5 years, social protection in Cambodia has rapidly evolved. In mid-2020, the government launched the Cash Transfer Program for Poor and Vulnerable Households to support the livelihood of nearly 700 000 IDPoor household; and the supports were extended to nearly 500 000 near poor households—the so-called "At-Risk Households" during flood and inflationary pressure. Following the phase out of these emergency programs, these target groups are continued to receive supports through various social assistance programs such as family package, TVET, home-grown school feeding, and others.

Social Health Protection in Cambodia has gradually expanded and covered a noticeable portion of the population, upon where further coverage expansion can be premised. As of now, a total of roughly 7 million people, equivalent to 41% of the total population has been covered under the social health protection system. The Health Equity Fund covers roughly 4.7 million people and the National Social

[8] NIS, MoP. (2019). Report on the Cambodia Labour Force Survey 2019. Chapter 6. https://www.nis.gov.kh/nis/CLFS/CLFS19_Final_Full%20Report_EN.pdf

Security Scheme on Healthcare covers approximately 2.1 million people, including the self-employed and dependents of NSSF members at around 260 thousand people.

Despite progress mentioned above, further improvement to the coverage and comprehensiveness of the social protection to cover all lifecycle contingencies is needed, including further strengthening existing programs as well as establishing new programs as necessary with a focus on the vulnerable groups which associated with low coverage such as persons with disability and elderly population. In terms of social health protection, though UHC Service Coverage index (SDG Target 3.8.1) stands at 58[9] in 2021, additional efforts are needed on strengthening and expanding essential health services which entails health service delivery capacity related to communicable and non-communicable diseases, diagnostics, improved sanitation, adherence to minimum package of activities and complementary package of activities, updating social health protection benefit package, strengthening gatekeeping and referral system, improving and managing health workforce, etc.

### 2.2.4. Structural exclusions in the labour market

In Cambodia, vulnerable groups, including women, persons with disabilities (PWD), elders, and those affected by HIV, face intersecting challenges in accessing decent employment, technical and vocational education, and social inclusion. For example, disability, and with significant barriers to participating in the labour market (62% of working age PWDs are not employed).[10]

Gender inequality is still a challenge. Women are expected to take on the majority of unpaid care and domestic work, and encounter gender disparities in the labour market, hindering their access to formal employment and career advancement opportunities. Based on an investigation in 2019, Women are also over-represented in vulnerable employment types the gender wage gap of 19% can be attributed to discrimination in the labour market.[11]

## 2.3. Cambodia's strategic vision for growth, employment, equity, efficiency and sustainability

To address the challenges related to GA and beyond, Cambodia's Pentagonal Strategy set out the following **five strategic goals**:

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[9] UHC GLobal Monitoring Report 2023. https://www.who.int/publications/i/item/9789240080379

[10] United Nations. (2022). United Nations Sustainable Development Cooperation Framework (Cooperation Framework) 2024-2028. p.66. https://cambodia.un.org/sites/default/files/2024-03/FQ%20-%20UN%20Cambodia%20CF%20-%20Full%20 Narrative%20-%2025%20March%2024_0.pdf

[11] UNDP. (2021). The gender wage gap in Cambodia. p.7. https://www.undp.org/sites/g/files/zskgke326/files/migration/kh/Gender-Wage-Gap-in-Cambodia.pdf

- **Generating more jobs, both in quantity and quality, for the Cambodian people, especially for the youth** by strengthening the quality of education in both hard and soft skills in line with the needs of the labour market;
- **Achieving economic growth at around 7% per annum on average with resilience to economic shocks** by accelerating diversification of the economic base, maintaining macroeconomic stability with low inflation to boost domestic demand, ensuring exchange rate stability, increase reserves, and sustainable management of public debt;
- **Reducing the poverty to less than 10% of the households**, and maintaining the low poverty level by effective market mechanisms and fair competition, reducing income inequality through social protection, and providing quality, efficient and inclusive pubic services;
- **Strengthening the capacity, governance, and quality of both national and sub-national institutions** to bring provision of public services to a new level in support of economic growth, strengthening private sector governance, and promoting a favourable environment for business, investment and trade;
- **Ensuring sustainable socio-economic development and building resilience to climate change** by maximizing demographic dividends, strengthening demographic resilience, sustainable natural resource management, increasing sustainable and green financial resource management, and ensuring environmental sustainability and readiness to respond to climate change.

All these strategic goals are to be realized through the implementation of the strategy as well as with the focus of the six priority policy programmes, the following four are relevant to the jobs and social protection for just transition:

(1) Expanding healthcare services towards universal health coverage;
(2) Providing nationwide vocational and technical training for youth from poor and at-risk households;
(3) Institutionalizing national social assistance programs to ensure that all poor households, vulnerable people, including women and girls and at-risk households, can benefit from the social assistance system;
(4) Accelerating the implementation of the NSIED to enable the workers in the informal economy to transition into the formal economy and be covered by social security system.

# 3. THEORY OF CHANGE, TARGET GROUPS, AND EXPECTED IMPACT

## 3.1. Theory of Change

In view of the RGC's strategic goals and priority programmes, the GA theory of change defines a set of five key intended outcomes:

(1) Adoption of pro-employment macroeconomic and financing policies
(2) Improved skills for enhanced and inclusive employability
(3) Increased coverage of social protection including the path towards UHC
(4) Enhanced formalization, sectoral growth, and productivity
(5) Enabling environment for inclusive labour market created.

By achieving these outcomes, it is expected that the country will be:

- Accelerating policy reforms, digital transformation, and financing mechanisms to expand social health protection and universal health coverage, especially for vulnerable groups, including persons with disabilities, fostering inclusion.
- Promoting integration of social protection and employment to improve workforce skills, productivity, and entrepreneurship through TVET, innovative partnership with private sector and industry, formalization of jobs and enterprises through graduation-based social protection.

By walking these paths, the theory of change sets the overall goal of creating decent jobs and expand social protection for sustainable and inclusive economic growth.

For the outcomes to be achieved, the GA roadmap identifies five main drivers transversal to the intended outcomes:

### (1) Public finance and fiscal space analysis

Public finance and fiscal space analysis are guiding instruments for government policies and decisions, aimed at optimizing resource allocation and promoting sustainable development and economic growth. This driver includes the assessment and management of government finances, available resources to fund public expenditures, and public investments. At the nexus between public finance management and socioeconomic development, the aim is to optimize public finance management and utilize fiscal space more effectively. This may include strategies to enhance revenue collection, improve expenditure efficiency, prioritize key sectors, or explore alternative sources of financing such as public-private partnerships or Official Development Assistance (ODA).

### (2) Coalition building and collaboration with the private sector and other stakeholders

Fostering collaboration between the public and private sectors, as well as other stakeholders, is instrumental in driving sustainable economic growth and promoting social inclusion. Through proactive coalition building, the government will work closely with businesses, industry associations, educational institutions, civil society organizations, public development banks, and development partners, to address pressing challenges and capitalize on emerging opportunities. One key area of collaboration is the establishment of public-private coalitions for skills development, where stakeholders will collaborate to design and implement skills programs that align with industry needs and equip individuals with the

competencies required for employment in priority sectors. Additionally, stakeholders will collaborate to identify priority (sub-)sectors with the potential to drive formalization efforts, leveraging market insights and analysis to inform strategic decision-making. By fostering foresight and market intelligence for job creation, stakeholders will anticipate labour market demands and proactively develop policies and initiatives to support the growth of high-potential industries, thereby promoting sustainable employment opportunities and economic development.

### (3) Enforcing coherency in policy and regulatory frameworks

Ensuring coherence in policy and regulatory frameworks is essential for fostering sustainable development and addressing the ongoing complex socio-economic challenges. To achieve this, integrated approaches and effective coordination among government agencies, private sector stakeholders, civil society organizations, and development partners are paramount. Integrated policy assessment mechanisms could enable the swift evaluation of policy proposals to ensure alignment with broader development objectives and the existing multiplicity of national strategies, policies, and regulatory frameworks.

### (4) Advancing digital transformation of public services and operations

Cambodia is poised to harness the transformative power of technology to drive sustainable development and social progress. The envisaged advancements in the digital transformation of public services have the potential for – and expectation to – enhance efficiency, accessibility, and inclusivity of access to decent jobs and adequate social protection. To realize this goal Cambodia aims at consolidating and allowing for interoperability of data across several government agencies, leveraging on unique identifiers for citizens, beneficiaries, and enterprises. By fostering interoperability, institutional data silos can be overrun, enabling greater administrative efficiencies and delivery effectiveness. Particular attention will be paid to integrating vulnerable groups' digital systems (i.e., the PWD DIS) with the rest of the government's network to ensure tailored support and facilitate access and participation, aiming at fostering greater inclusivity in the delivery of public services. Cambodia's commitment to leveraging digital technologies to modernize public services, improve governance, and enhance the well-being of its citizens can be achieved through strategic investments in digital infrastructure and innovative approaches to service delivery.

### (5) Infrastructure and logistics for job generating sectors

Infrastructure and logistics play a pivotal role in developing key sectors and new sources of economic growth and by such riving job creation and economic growth in Cambodia. Addressing specific infrastructure gaps, both in regional connectivity and urban areas, is essential for unlocking the full potential of key sectors such as transport, logistics, energy, digital infrastructure, and basic urban services – supporting the development of further economic sectors. To maximize the impact of public infrastructure investment, prioritization processes and projects selection will be based on their potential to generate high economic and social returns. Closing the infrastructure financing gap and improving regional connectivity are critical drivers too, requiring increased public investment and successful implementation of public-private partnership (PPP) projects. Additionally, structural reforms aimed at

enhancing the business environment, domestic competition, and international competitiveness are vital for sustaining long-term growth and prosperity.

**Figure 1. Theory of Change**



## 3.2. Priority actions and policy reforms supported by the GA

### 1. Adoption of pro-employment macroeconomic and financing policies

1.1. Strengthen evidence-based policy decision making on labour and social protection to anticipate evolving trends and tailor responsive policies.

1.2. Develop an overall rapid integrated policy assessment for ensuring the alignment of formalization, social protection, UHC, and TVET policies and regulatory framework among them and with the broader development objectives.

1.3. Implement cost-efficiency budget reviews, assessing expenditures to optimize resource allocation and maximize the impact of investments in the key areas of social protection, health, and vocational training.

1.4. Integrate localized sub-national needs and priorities into planning and budgeting to ensure equitable distribution of resources and inclusive growth across regions through pro-employment and social protection measures.

1.5. Establish performance-based budgeting methodologies enhancing accountability, transparency, incentivizing efficient resource utilization and driving results-driven outcomes in — among others — employment generation and social protection initiatives.

1.6. Implement national and sectoral policies to promote decent work and social protection.

### 2. Improved skills for enhanced and inclusive employability

2.1. Improve the governance and leadership of TVET institutions and TVET provides and strengthening private public partnership through participation of organisation of employers and workers in the development, implementation and evaluation of TVET interventions.

2.2. Define a financing strategy, including a framework for mobilizing resources and leveraging partnerships, and the mid-term costing of the TVET reform.

2.3. Strengthening the TVET and public employment service referral system to facilitate smoother transitions from education to employment, from vocational education to the formal labour force and to higher value jobs.

2.4. Strengthen the implementation of the apprenticeship system in Cambodia, in line with the Labour Law and towards ILO Quality Apprenticeships Recommendation, 2023 (No. 208).

2.5. Improve the relevance of TVET supply to the labour market and to the aspirations of young people including the implementation of the TVET program for youth from poor and vulnerable household.

2.6. Enhance the quality and accessibility of TVET provision through digitalization and establish quality assurance mechanisms for increased accountability for results.

2.7. Enhance branding and outreach to promote TVET opportunities for improved employability and ensure TVET level jobs are decent and open to career pathways.

### 3. Increased coverage of social protection particularly towards the achievement of UHC

3.1. Enable interoperability of digital systems to ensure seamless communication and data exchange between different government platforms.

3.2. Establish a national social protection registry serving as a foundational component, consolidating data across various government agencies to create a unified platform for citizen information management.

3.3. Harmonize the contributory and non-contributory social protection pillars to promote equity and effectiveness of the social protection system as well as a consistent life cycle approach to ensure coordination and harmonization of the Graduation-based Social Protection (GBSP) implementation with the existing social protection policy framework, the life cycle systemic approach, and the Roadmap towards Universal Health Coverage (UHC) in Cambodia, with the goal of leaving no one behind.

3.4. Implement the gradual roll-out of the graduation-based social protection programme (GBSP).

3.5. Define a financing strategy, including a framework for mobilizing resources and leveraging partnerships, and for social health protection to support the Roadmap towards Universal Health Coverage (UHC) in Cambodia and the GBSP implementation.

3.6. Implementation of the voluntary health insurance scheme for the self-employed and dependents of NSSF members, including the monitoring and evaluation and policy review, and supporting the transition to a mandatory scheme.

3.7. Conduct the monitoring and evaluation of the Roadmap towards UHC in Cambodia as a key component of the national social protection policy framework vision 2030.

3.8. Improve the effectiveness in delivering of the Family Package, covering pregnant women and children under two, children in primary and secondary schools, the elderly 60 years and above, persons with disabilities, and persons living with HIV, and the family package linkage with other services, including social services, TVET, case management and feedback mechanism.

3.9. Explore multi-tiers pension system to further improve pension coverage.

3.10. Explore the feasibility of Unemployment Insurance in Cambodia.

### 4. Enhanced formalization, sectoral growth, and productivity

4.1. Leverage foresight and anticipatory approach to future growth through identifying new sources of growth and competitive, export-ready sectors.

4.2. Accelerate the implementation of the NSIED promoting effective coordination and responsibilities among government ministries and agencies, industry bodies, and educational institutions to converge efforts and streamline the efforts towards the intended outcome.

4.3. Implement the monitoring and evaluation and policy review of the NSIED.

4.4. Establishment of accessible online systems, tailored to the differences and specificities of MSEs and the self-employed.

4.5. Implement the identification, policy formulation and implementation of prioritization of economic sectors with high potential for formalization.

4.6. Anticipate sectoral labour market demands and proactively develop policies and initiatives to support the growth of dynamic industries, and ensure linkages with the TVET and Social Protection interventions,

4.7. Implement the digitalisation of SMEs to increase productivity and accelerate formalization in priority sectors.

4.8. Incentivise the involvement of private sector to accelerate formalization, stimulate growth and decent job creation in the priority sectors.

4.9. Incentivise micro enterprises and self-employed workers, especially women entrepreneurs to grow and formalize their businesses.

4.10. Improve compliance of the Law on Social Security for enterprises with NSSF

**5. Enabling environment for inclusive labour market created.**

5.1. Implement national and sectoral policies to promote decent work and social protection

5.2. Ensure youth in poor and vulnerable households, women, and other vulnerable population have access to and benefit equitably from TVET programmes, including apprenticeships, and through the GBSP programme.

5.3. Enact linkages between the disability information system and the TVET programs to ensure referrals.

5.4. Supporting the development of the care economy and removing barriers for PWDs, gender, poor and vulnerable groups' access to labour market.

5.5. Define a financing strategy, including a framework for mobilizing resources and leveraging partnerships, and the mid-term costing for developing the Cambodian childcare services and care economy.

## 3.3. Target groups

The GA identifies three policy areas for which specific groups of intended beneficiaries can be identified. The three areas are (1) TVET, (2) Social Protection, (3) Formalization.

### (1) Technical and vocational education and training

The RGC is committed to improving the TVET and public employment services for all Cambodian workers and has committed to provide TVET opportunities for 1.5 million youth from poor and vulnerable households including persons living with disability and women (IDPoor and at-risk population) with monthly allowances. This is to ensure equal opportunities and expand the pool of skilled workers and to support job creation and investment, first focusing on skills for ten priority sectors: (1) manufacturing, (2) electronics, (3) electricity and energy, (4) agriculture and agro-industry, (5) services, (6) tourism, (7) construction, (8) air conditioning and heating, (9) general mechanics and automobile mechanics, and (10) business and information technology. Participation in training programme, and public employment services for the priority sectors is open to all, whether working in the formal or the informal economy, but they will not receive a monthly allowance.

RGC is dedicated to enhancing labor market governance and improving domestic job-seeking services. This will be achieved by strengthening the National Employment Agency and increasing collaboration with communes and other relevant partners to distribute labor market information.

### (2) Social protection

The ultimate beneficiaries are all Cambodians who will access social protection. The target groups of the GA interventions are:

- Poor and vulnerable households including persons with disabilities, identified as eligible to receive social assistance benefits by the IDPoor system, as well as the households at-risk of poverty;
- Civil servant and private employees members of the NSSF;
- Self-employed and dependents of the employees (members of the NSSF), who can voluntarily join the health insurance;
- Pregnant women and children under two, children in primary and secondary schools, the elderly (60 years or older), persons with disabilities.

### (3) Formalization

The target group of the GA interventions are:

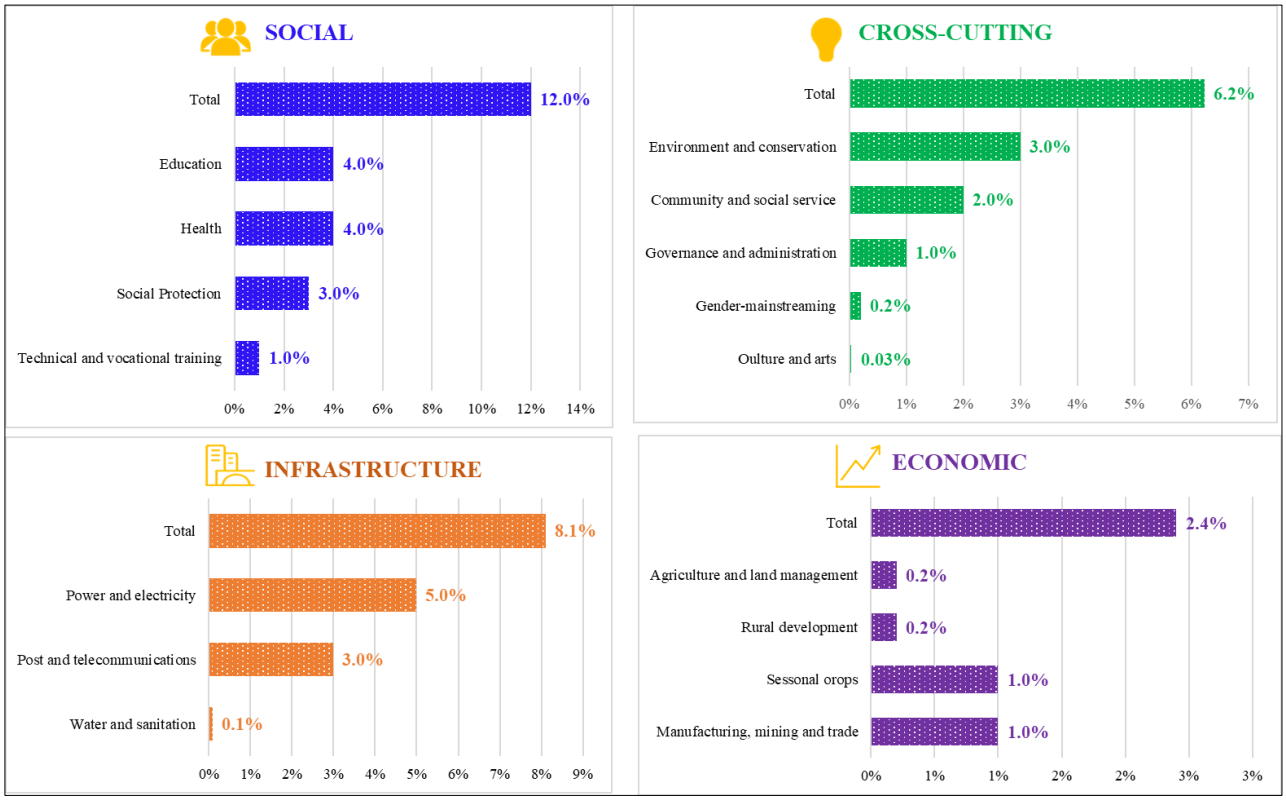
- Informal enterprises are supported to move towards formality through a system of incentives to improve productivity, the formalization of jobs within these enterprises and the creation of formal jobs;

- Informal workers employed in formal enterprises are supported to transition into formal employment through formalization of jobs;
- Entrepreneurs, micro enterprise owners, especially women-owned enterprises are equipped with the knowledge and the means to move towards the formal economy;
- SMEs in prioritize sectors are supported to adopt digital technology to improve productivity and transition into formality.

## 4. RESOURCE MOBILIZATION AND FINANCING STRATEGIES

Resource mobilization and financing strategies to sustain the GA in Cambodia should draw on multi-source models reflected in the Integrated National Financing Framework (INFF) for the CSDGs, or by its official government terminology, the National Financing Policy Framework. Led by the newly formed INFF Taskforce under MEF and with technical support from UNDP, the Financing Strategy, also aims to create further feasibility for the achievement of the Pentagonal Strategy 2024-2028 Phase I.

**Figure 2. Projected Financing Gaps to Achieve the SDGs in Cambodia**




*Source: National Financing Policy Framework, UNDP 2024.*

As it stands there is not enough capacity to achieve the SDGs by 2030, with recent estimates with IMF data revealing financing needs in the key sectors of health, education, infrastructure to be at 7.4% of GDP. UN estimations go further to say that there is a financing gap of 30% of GDP to achieve the SDGs, with social sector alone requiring a mobilizing of 13% of GDP to achieve targets for Cambodia.

Therefore, to address this, the financing strategy facilitates an integrated management of financing for development that combines public and private sources of domestic and external origin. It serves as the main government tool to visualize, prioritize, and coherently execute medium and long-term reforms and other interventions needed to access all public and private resources to finance Cambodia's development goals.

The opportunities for intervention are grouped into three main pillars:

1) Availability and Impact of Public Finance: manage public expenditure to maximize development outcomes; introduce new measures to increase fiscal space and align spending with national priorities; and improve efficiency and effectiveness of public finances by eliminating unnecessary expenditures and introducing innovative finance interventions.

2) Increasing the Public-Private Collaboration Space: Open new, important opportunities for private investment and financing by withdrawing public sector intervention in areas where these needs could be met by the private sector; propose new policies and innovative financing instruments to facilitate infrastructure financing; introduce blended financing; and encourage results-based co-financing partnerships with the private non-profit sector.

3) Accelerate Inclusive Private Sector Development: advance equitable private sector growth by eliminating key obstacles, expanding financial markets, and enhancing access to suitable funding; encourage private impact investments aligned with national priorities which also promote financial inclusion and facilitate fair and competitive access to financing for MSMEs.

The proposed actions in the financing strategy will be achieved through consolidating existing scattered actions to increase their scope, ambition and enhance their impact in the medium term, and Implementing policy innovations to achieve short-term financing and investment mobilization objectives. There is a need for high-level strategic planning of development finance in Cambodia, as it is a pre-condition for the country to successfully achieve the development priorities.

Through the INFF and based on its financing strategy, the following approaches will be initiated to achieve the longer-term finance and sustain the GA in Cambodia:

- Estimate the financing needs and costing for GA's priority actions and policy reforms, as well as jointly mobilize resource to implement them, identifying internal and external financing options in the short, medium and long terms.

- With intervention of financing strategy in pillar 1, Public Finance, the government will increase their fiscal space and increase more spending on social sector. GA will further increase the impact unit of public funds spent and at the same time mobilize additional public finance to spend on GA's priority areas through coordination and advocacy activities.
- Through the Public-Private Collaboration Space and Private Sector Development intervention areas in INFF, several new policies and innovative financing instruments including blended financing will be introduced to mobilize the resource from private sectors to invest in impactful business. GA will integrate and use similar instruments/approaches to finance its own priorities areas.
- In addition, the Financing Strategy aims to create a more enabling environment for the private sector to flourish, providing employment and indirect economic benefits for the citizens of Cambodia. With this the state will be able to mobilize further revenues through taxes on said economic activity – creating a positive feedback loop for the GA.

## 5. COORDINATION AND GOVERNANCE MECHANISM

The GA Roadmap will be implemented through two levels of government coordination.

(i) **Technical level:** The GA Roadmap will be led by an inter-ministerial working group responsible for promoting the implementation of Cambodia's roadmap for the Global Accelerator on Decent Jobs and Social Protection for Just Transitions.

(ii) **Political level:** The Committee on Economic and Financial Policy, chaired by the Deputy Prime Minister and Minister of Economy and Finance, will serve as the Steering Committee of the GA Roadmap.

## 6. IMPLEMENTATION STRATEGY OF THE GA

The GA Roadmap is a nationally owned document that defines the scale and ambition of the RGC in achieving its objective on job and social protection for just transition. These goals are shared and linked to the Cambodian SDGs and the UN Sustainable Development Cooperation Framework. To achieve these ambitious goals, the GA shall leverage on the convening power and the technical assistance of the UN system, specifically the participating UN organizations, ILO, UNDP, UNICEF in Cambodia.

Beyond supporting the implementation of the programs under the GA, the participating UN organizations are to support the process of coalition building to bring in other UN agencies, development partners, development banks, donors, private sector actors and social partners to coalesce around these priority actions and to generate further resources and momentum to accelerate the attainment of the objectives and SDG goals.

## Annex: Achievement indicators

The GA roadmap defines its overall goal of creating decent jobs and expand social protection for sustainable and inclusive economic growth.

