

Social Protection and Promoting Employment



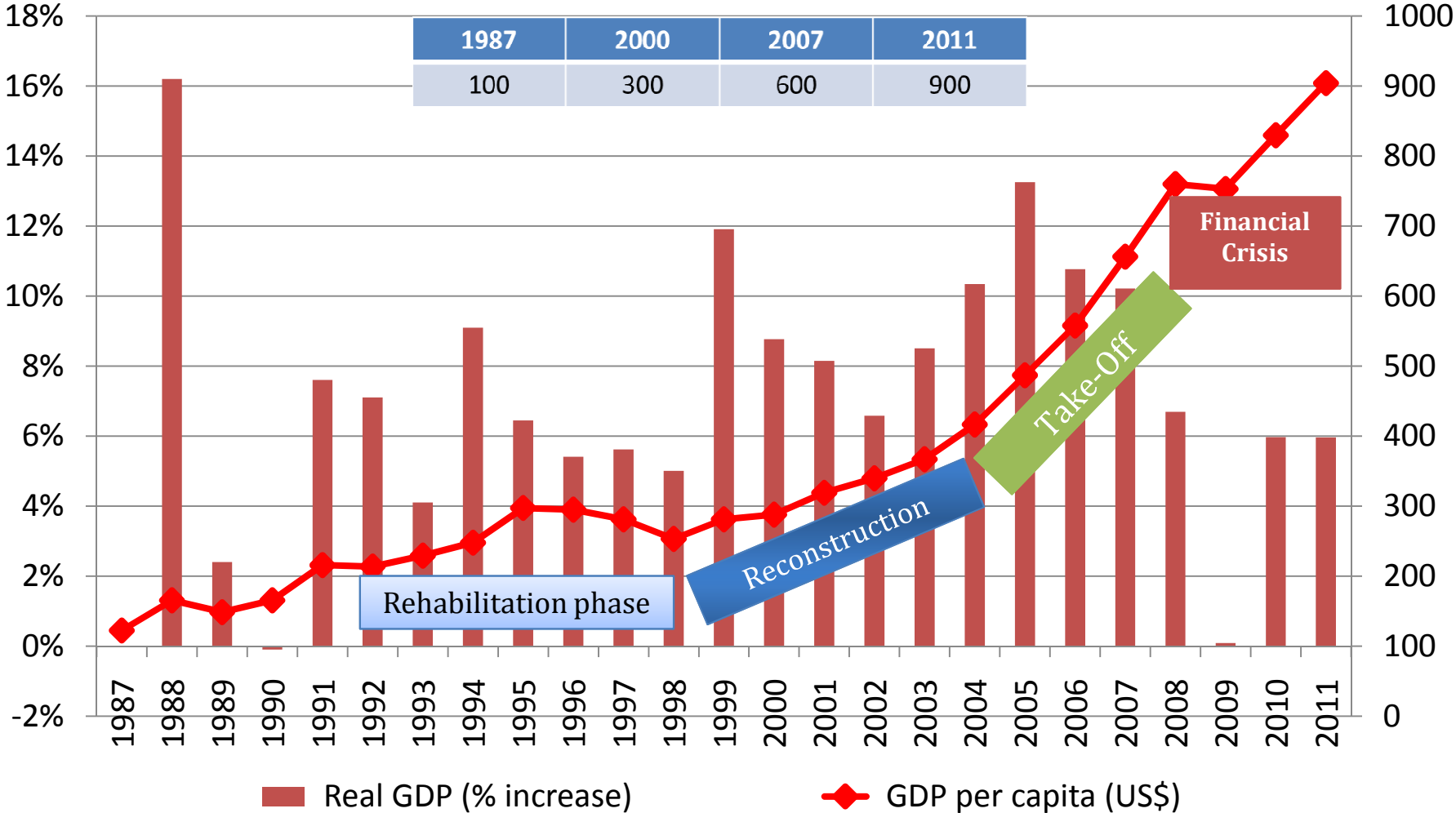
Nguy Chanphal

Secretary of State, Ministry of Interior

Vice Chair of CARD

28-29 March 2012 - CJCC – Phnom Penh

Cambodia Growth Episode



Economic Transformation

| Indicators | 1993 | 2012 |
|--|-------------------------|-------------------------|
| Population | 10.8 million | 14.5 million |
| GDP nominal | US\$2.5 billion | US\$14.3 billion |
| Per capita | US\$ 229 | est. US\$ 987 |
| <ul style="list-style-type: none"> • Industry (share) • Agriculture (share) • Service (share) | 12.6% 45.3% 39.9% | 23.1% 33.6% 37.7% |
| Inflation | 150% | 5% |
| National savings (% of GDP) | 20.0% | 22.8% |
| Government Revenue increased (% of GDP) | US\$123 million (7.6%) | US\$2 billion (13.5%) |

Overview of Safety nets in Cambodia

1. Cambodia is an agrarian country, 85% living in rural areas and the majority are farmers.
2. Cambodia went through many stages of development: From Relief to Sustainable Development
 1. **1992 – 1995 - Emergency - Resettlement Phase**
 2. **1996 – 2000 - Rehabilitation and Reconstruction Phase**
 3. **2001 and beyond - Development Phase**
 4. **2008 - Financial and Economic Crisis**
2. **Cambodia has implemented many mainly externally funded social safety net projects and programs** for reintegration, rehabilitation, to improve food security and the livelihoods of the poor, and to respond to emergency situations for over more than 20 years. Particularly successful in reaching large numbers of beneficiaries and in effectively enabling access to services, food, and income security.

Existing Safety Nets Programme

Safety Nets Programmes were implemented during these Emergency phase and Rehabilitation phase, providing Employment, Income to the Poor, insure Food Security and at the same improved accessibility through public works programmes.

- **food distribution** to food-insecure areas, school feeding, take-home rations, and food for work – providing the basis for addressing food insecurity, chronic poverty, and to some extent, malnutrition;
- **public works programs** – providing the basis for addressing food insecurity and chronic poverty of the working age population;
- **Health Equity Funds, Community Based Health Insurance** schemes - providing the basis for addressing basic health protection for the poor;
- **scholarships** – providing the basis for addressing the income/poverty situations of school-children;
- **social welfare services** to special vulnerable groups, including the disabled, the elderly, orphans, etc.

Current Social Protection as of 2010

| SP Scheme | Coverage / Beneficiaries | Funding Source | Expenditures (US\$ Million) |
|--|--|------------------------|-----------------------------|
| National Fund for Veterans (NFV) | Armed Force, police and war veterans | National budget (NB) | 19.4 |
| National Social Security Fund for Civil Servants (NSSFC) | Civil servants, Retirees, and dependents | NB | 25.4 |
| National Social Security Fund (NSSF) | Private sector workers (8 or more employees) | Employers (wage-based) | 1.3 |
| Hospital subsidies | Whole population | NB (MOH) | 152.8 |
| ODA & NGO Support to Health | Whole population | ODA & NGO | 231.8 |
| HEF and User Fee Exemption scheme | Poor (mostly IDPoor) | NB (MOH) and ODA | 4.6 |
| CBHI | Contributors (poor) | Contribution | 1.2 |
| Social assistance benefits and welfare services | Poor /vulnerable elderly, (Disabled, orphans, etc..) | NB (MOSVY) | 63.9 |

Current Social Protection as of 2010

| SP Scheme | Coverage / Beneficiaries | Funding Source | Expenditures (US\$ Million) |
|--|-------------------------------|-----------------------------|-----------------------------|
| Disaster Relief Operations (NCDM and CRC) | Persons affected by disasters | MEF. ODA, NGOs | 14.8 |
| Scholarship Programme | Poor students | NB (MOEYS) | 3.5 |
| School Feeding and Take-Home rations for school children | Primary school children | WFP (AusAid, USAID, CIDA..) | 8.9 |
| ODA funded Social assistance projects | Poor and vulnerable | ODA (various donors) | 41.9 |
| NGO-funded social assistance | Poor and vulnerable | NGOs (various) | 25.8 |
| Public Works Programmes (RILGP and EFAP) | Rural Poor (FFW and CFW) | MOI/MEF - Grants/Loans | 20.7 |
| Vocational Training | Unskilled adult | NB (MOLVT) | 24.0 |
| | | | 640.0 or 5.5% of GDP |

Cambodia Projected Growth (2012-2020)

| CAMBODIA | Unit | 2011 | 2012 | 2015 | 2020 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Population (census 2008) | | 14,701,717 | 14,951,352 | 15,718,130 | 17,056,478 |
| Urbanization (annual rate 3.2%) | | 20% | 21% | 23% | 27% |
| MMR/100,000 live birth | | 206 | | 250 | 180 |
| IMR/1,000 live birth | | 45 | | 44.00 | 20 |
| Drinking water | | 61% | | 50% | 75% |
| Sanitation | | 39% | | 30% | 50% |
| Option 1- ID Poor 1 | Million | 1.71 | | 1.60 | 1.37 |
| Option 2- ID Poor 2 | Million | 1.90 | | 1.80 | 1.59 |
| GDP (PPP) 2010 est - | \$ Billion | \$ 30.18 | \$ 32.29 | \$ 40.79 | \$ 58.12 |
| GDP per Capita (2010) | US\$ | \$ 2,100 | \$ 2,247 | \$ 2,838 | \$ 4,044 |
| GDP (Real Growth Rate) | | 6.0% | 7.0% | 8.5% | 7.0% |
| Labor force (2010 est.) | Million | 8.80 | 8.97 | 9.43 | 10.23 |
| Pop below poverty line | | 26.0% | 25.8% | 19.5% | 12% |

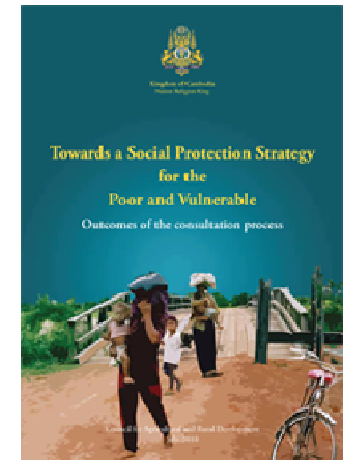
An effective and affordable Social Protection Strategy

For the poor and vulnerable requires a balance between :

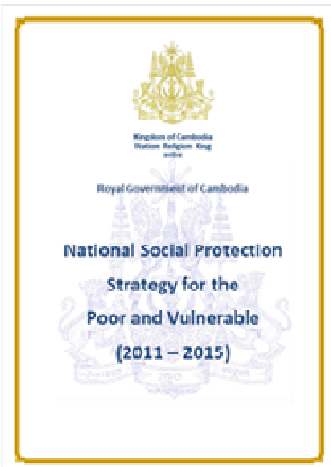
- ✓ relieving chronic poverty, and
- ✓ helping the poor to cope with social, economic and climate shocks.
- ✓ promoting their human capital for the future towards enabling them to break the cycle of poverty and
- ✓ participating to improve productivity and contributing to economic growth.

National Social Protection Strategy (NSPS) - Chronology

- Dec 3-4, 2008 Was initiated by the RGC during CDCF-2
- 1st Half of 2009 *Concept Notes and Inventory*
- 6-7 July 2009 1st National Forum
- 2nd Half 2009 Technical Consultations (3)
- 1st Half of 2010 Background Note – “*Towards a Social Protection Strategy for the Poor and Vulnerable*”
- June 2-3, 2010 Presentation to the CDCF-3
- August 2011 Final draft of the NSPS (2011-2015)
- 18 March 2011 Approved the NSPS by the RGC
- 5-6 Dec 2011 National Forum to official launched the NSPS
- March 2012 Provincial dissemination of the NSPS (all 24 provinces and Phnom Penh Municipality)



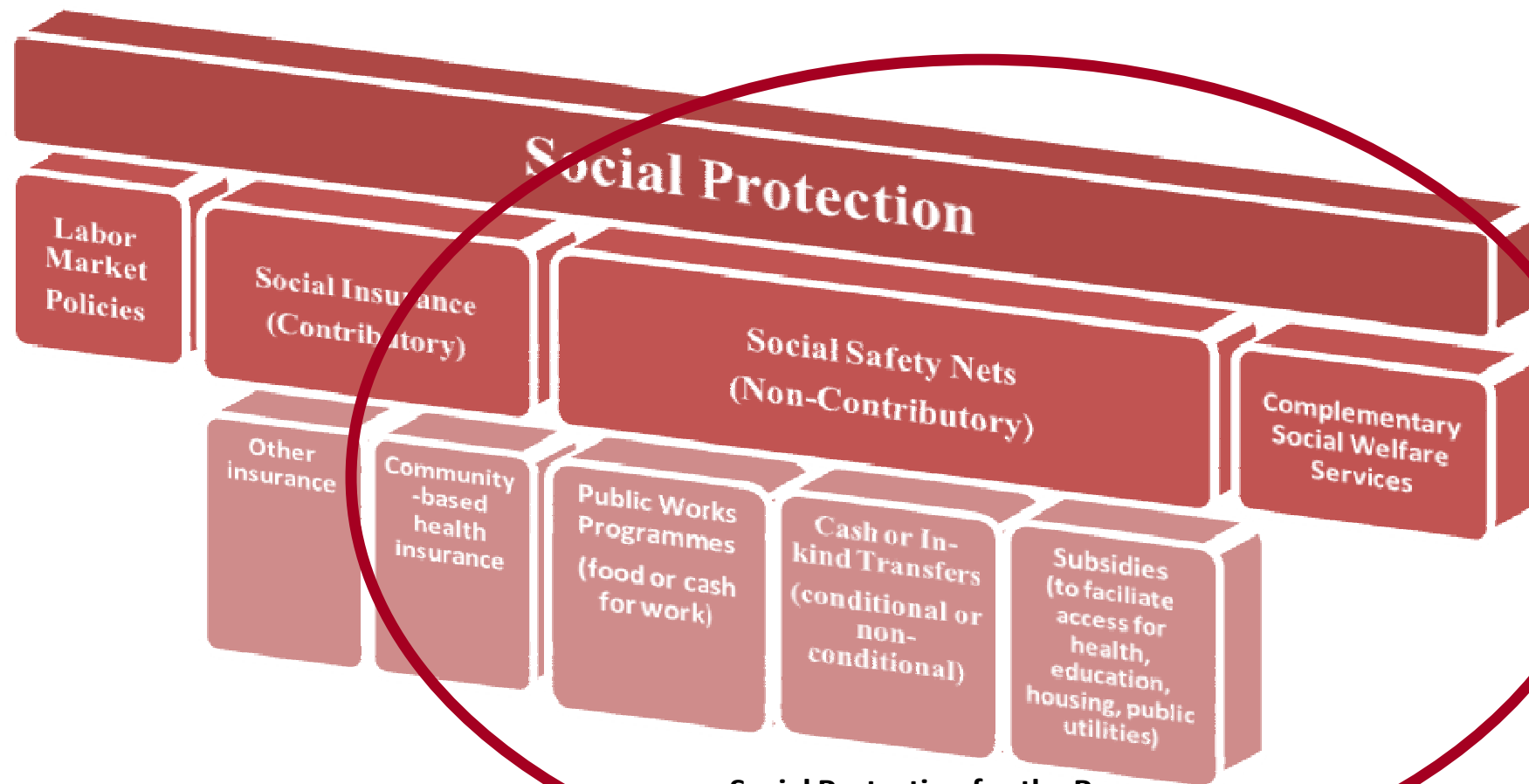
Why Investing in Social Protection now?



- Reducing poverty and vulnerable – *narrowing the gap of inequality*
- Mitigating negative impact of short-term crisis
- Supporting socio-economic security – *human capital* - for sustainable and shared economic growth

Scope of the NSPS

Focusing on the Poor and Vulnerable



**Social Protection for the Poor
and Vulnerable**

Objectives of the NSPS

1. Address the basic needs of the poor and vulnerable in situations of emergency and crisis;
2. Reduce the poverty and vulnerability of children and mothers and enhance their human development;
3. Address seasonal un- and underemployment and provide livelihood opportunities for the poor and vulnerable;
4. Promote affordable health care for the poor and vulnerable;
5. Improve social protection for special vulnerable groups.

Implementation

To achieve these objectives requires

1. scaling-up and harmonising existing social protection interventions (such as HEF, School Feeding, scholarship and Public Work Programmes etc..) and
2. implementing new programmes to cover current gaps in social protection (such as cash transfer focusing on improvement of child and maternal nutrition, health and education and reducing child labour. As well as second-chance programmes that promote skills development etc..)

Profile of Income Vulnerability and Employment in Cambodia

- **Average wage rates for agricultural workers** rose to a high of 13,300 riels per day in late 2008 but declined down to 10,500 by early 2009
- **The seasonality of labour requirement in farming** means that households are obliged to find off-farm employment in the slack agricultural season to supplement livelihoods.
- **The majority of people in the rural areas have some form of employment at least in the wet season.** However of the 82% of the total employed in the rural areas, more than half, 46%, are unpaid family workers providing no income to their households.
- **Absorption capacity for new entrants into the labour force in the rural areas is low.** Overall, in 2008 the number of new jobs available was only enough to absorb 44% (26% for 2009) of the additions to the labour force. It is estimated that some 800,000 additional jobs will be required in the rural areas.

PWP is one of the backbones of Social Protection in Cambodia

- PWP is recognized as one of the backbone of safety net programmes under the national social protection strategy (NSPS) along with other interventions in health and education support.
- PWP would contribute to the overall objective of the NSPS directly by providing cash and/or food at times of food and income insecurity and by providing employment in areas of significant year-round underemployment.
- PWP would create physical or community assets which provides economic and social benefits to rural people.

Rationale for investing in PWP

A Public Works Programme could have several benefits for Cambodia:

- ✓ It would provide transfer benefits to the poor
- ✓ Can be designed to harmonise with the demand for labour in agriculture
- ✓ It would provide benefit to the local community in terms of infrastructure of economic and social value
- ✓ Local community projects can respond to the community's priorities and be implemented with the local community with the right level of technical support.
- ✓ Poor communities can benefit directly from the program and indirectly from the physical assets created and maintained.
- ✓ It can support the development of capacity of local government and local communities to manage their own affairs.
- ✓ Programmes can be designed and implemented to encourage participation and empowerment of women and disadvantaged groups

Public Works in Social Protection

Public works programme should be perceived not only as short-term rural infrastructure development but also as the contribution to the growth of other related sectors (e.g. agriculture, health, education).



**some activities
in
Employment
Generation
through Public
Work Programme**







KC-28, 1600m
Neang Teut - Sangkum Mean Chey
Culvert *construction*



KC-28, 1600m
Neang Teut - Sangkum Mean Chey
Culvert *construction*















Dike Construction (PVG-FRP-DIKE-001) @ 30th April 2002



FRP - Equipment doing final leveling







NSPS is a forward-looking strategy

- protect the poorest and most disadvantages
- prevent the impact of risks that lead to negative coping behavior and further impoverishment
- help building human capital and expand opportunities for the poor to work themselves through improved health, education and productive workforce

Social Protection is not an Employment Strategy?

The NSPS focus mainly on small segment of the informal sector (which employed 83%), and only targeting the poor and vulnerable group.

Objective 3 of the NSPS addressing seasonal un- and underemployment and providing livelihood opportunities for the poor and vulnerable.

Medium-term options for programmatic instruments are through labour-intensive public work programme and food and cash for work schemes.

The NSPS is not an Employment Strategy, as it would involve both formal and informal sector.

Cambodia needs an Employment Strategy?



Thank you.