

Extending National Social Security Fund coverage to Informal Workers in Cambodia

An initiative to enable selected segments of informal workers to join the NSSF

(The case of Domestic Workers)

Final Report

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LIST OF ABBREVIATIONS

ADW	Association of Domestic Workers
CDWN	Cambodia Domestic Workers Network
CSES	Cambodia Socio-Economic Survey
DW	Domestic Workers
EU-SPS	European Union – Social Protection Systems
EII	Employment Injury Insurance
HEF	Health Equity Fund
IDEA	Independent Democracy of Informal Economy Association
ILO	International Labour Organization
LMI	Labour Market Intermediary
LFPR	Labour Force Participation Rate
NSSF	National Social Security Fund
OSH	Occupational Safety and Health
QE	Quasi Enterprise
RGC	Royal Government of Cambodia
SHI	Social Health Insurance
SP-IW	Social Protection – Informal Workers

A. INTRODUCTION

1. This report is the result of a study conducted in Cambodia under the Programme 'Supporting the establishment of sustainable and inclusive social protection systems' co-financed by the European Union, the Organisation for Economic Co-operation and Development (OECD), the Government of Finland, and known as the 'EU-SPS Programme'. The EU-SPS programme aims to support ten partner countries (Cambodia is one of the partner countries) in building social protection systems which deliver progressively higher levels of protection for all people throughout their lifetimes, thereby reducing poverty, vulnerability and inequality. The four-year initiative runs until the end of 2018. ILO is a partner agency in this intervention and ILO Cambodia is collaborating with the EU in an advisory capacity to provide expert inputs on the report. Current work under the programme is aimed at developing evidence based knowledge towards extending Social Protection systems for Informal Workers (SP-IW) in Cambodia.

2. There is a wide diversity of employment arrangements in the informal economy – wage employees, self-employed and casual workers. The ILO and EU-SPS have begun assessments to extend the SP-IW Programme to selected groups of self-employed workers who have expressed an interest in participating in the social security system. To this end, the study focuses on two groups in the informal economy: self-employed represented by tuk-tuk drivers and wage employees represented by domestic workers. It is envisaged that the studies would serve as templates to better understand the feasibility of extending social protection coverage to different categories of workers in the informal economy. This could ensure easier replication if similar studies were to be undertaken in other sectors.

3. This report discusses the working conditions, socio-economic status and social protection environment of domestic workers¹. The report is organized in four sections:

- i. *Section A* is the introductory section which comprises of three sub-sections:
 - A.1. The first sub-section briefly discusses the nature of Cambodia's development paradigm in terms of economic growth and multidimensional development indicators.
 - A.2. The second sub-section outlines the social protection environment of Cambodia and discusses relevant social protection schemes and programs. Relevant international standards and conventions related to social protection are also briefly discussed.
 - A.3. The third sub-section attempts to contextualize domestic workers in the present framework of social security system of Cambodia.
- ii. *Section B* outlines the objectives of the present study and the methodology adopted. The analytical framework of the report is also presented in this section.
- iii. *Section C* contains a detailed reporting on survey findings following the analytical framework and brief discussions on these findings.
- iv. *Section D* concludes with remarks on the key observations from the study.

¹ A separate report has been developed as an output of the study on tuk-tuk drivers

A.1. The country context

4. Over the last two decades, Cambodia has made steady progress on the economic front. It's GDP per capita rose from USD 316.10 in 1993 to an all-time high of USD 1,078.40 in 2016, averaging 621.03 USD during this period². The country's economic growth has mainly relied on four sectors: garments, construction, tourism and agriculture.

5. However, economic growth has not translated to all-round development. The country lags behind in various multidimensional aspects of poverty including child mortality, nutrition, access to basic amenities, access to schooling etc. According to Cambodia Socio-Economic Survey (CSES) 2015, 14% of the population in the age-group of 15-64 years in the labour force had low or no education. Cambodia ranked 143rd in the United Nations Development Programme (UNDP) Human Development Index (HDI) in 2015, with a score of 0.563, the lowest in Southeast Asia (SEA) after Myanmar. In 2014, the multidimensional poverty rate was 33%, more than twice the money metric measure³.

A.2. Social Protection: Cambodian context

6. The Royal Govt. of Cambodia (RGC) recognizes the critical role that social protection can play in reducing poverty and deprivation and weakening the impact of shocks and vulnerabilities. The Constitution of Cambodia provides basic framework for provision of social protection. Article 36 of the Constitution⁴ stipulates that all citizens "shall have the right to obtain social security and other social benefits as determined by law". Social Protection of workers was addressed through labour market programs. The Labour Law (1997) complies with most of the International Labour Organization's (ILO) conventions on core labour standards. Gradually initiatives were institutionalized to scale-up social security of workers in the private sector and eventually expand social security coverage to workers in informal and other non-standard forms of employment as well. The Insurance Law (2000) provides a legal framework for better regulation of insurance market activities⁵. The Law on Social Security Schemes for Persons defined by the Provisions of the Labour Law (2002) entitles all workers defined by the provisions of the Labour Law to medical, disability and survivor benefits.

7. The Law on Social Security for Persons defined by the Provisions of the Labour Law (2002) mandated the establishment of National Social Security Fund (NSSF) for managing all social security schemes within its scope⁶. The NSSF, established in 2008, is vested with the responsibility of providing basic social security to worker in private sectors. Of 8.35 million workers in Cambodia, The NSSF currently covers 1.1 million workers, or 14% of all people employed in Cambodia. This 14% constitute a small proportion of the 49% who are in paid employment. The

² World Bank Tradeconomics.com

³ UNDP 2017. *Human Development Report* published on 21st March 2017, UNDP. Also see, Briefing Notes for Countries on the 2016 Human Development Report: Cambodia.

⁴ Constitution of Cambodia, 1993.

⁵ Sann, V. (2010), 'Social Protection in Cambodia: Toward Effective and Affordable Social Protection for the Poor and Vulnerable', in Asher, M. G., S. Oum and F. Parulian (eds.), *Social Protection in East Asia – Current State and Challenges*. ERIA Research Project Report 2009-9, Jakarta: ERIA. pp.316-345.

⁶ RGC (2002). *Law On Social Security Schemes for Persons Defined By The Provisions of the Labour Law*

remaining 51% predominantly self-employed, are legally excluded from current social security benefits. This implies that both self-employed and workers in wage employment in the informal economy are *de facto* or *de jure* excluded from the ambit of the NSSF. The year 2017 saw RGC taking proactive measures such as making employers fully responsible for social protection of workers. One of the key steps was NSSF's recent decision to allow micro and small enterprises with at least one worker to register with it, revising its earlier requirement of enterprises with at least 8 workers to register. This decision make an (estimated) additional 3 million workers become eligible to register with the NSSF⁷.

8. The NSSF's model of Social Security systems was based on the traditional model of employer-employee relationships. Initially, the model required that employers and workers covered by NSSF would have to pay a compulsory contribution to NSSF. In its bid to widen the social security coverage to workers in the informal economy, the RGC announced in 2017 that employers would be fully responsible for social protection of workers. This move required that employers not only pay to NSSF their earlier obligation of 0.8% of the worker's monthly wages as Employee Injury Insurance (EII) and 1.3% of the worker's monthly wages towards Social Health Insurance (SHI)⁸, but also take on the additional responsibility to pay the worker's contribution of an equal 1.3% of the monthly wages towards SHI, thereby making them responsible to pay to the NSSF a total of 3.4% of the worker's monthly wages towards EII and SHI combined.

A.3. Social Protection: International Perspectives

A.3.1. The International Labour Organization view

9. The ILO adopts a rights based approach to social protection enshrined in international human rights treaties. According to ILO (2012), social protection is "nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion"⁹. Since the 1950s, Social Security of workers has been the central theme of ILOs numerous conventions. The Social Security (Minimum Standard) Convention 1952, Maintenance of Social Security Rights Convention, 1982, and Maintenance of Social Security Rights recommendation 1983 are worth mentioning.

10. In 2012, Social Protection Floors Recommendation was put forward by the ILO which aims at the rapid implementation of national social protection floors containing basic social security guarantees that ensure universal access to essential health care and income security at least at a nationally defined minimum level. In 2015, ILO adopted *Transition from the Informal to the Formal Economy Recommendation* (No. 204) at the 104th International Labour Conference, which provides a guideline for the protection of the workers in informal sector (Including self-employment and domestic work) and to facilitate their transition from informal to formal sector¹⁰. The ILO launched a Global Flagship Program on building social protection floors for all in 2016, to universalize social

⁷ ILO 2017. *Initial Operational Review of the Cambodian National Social Security Fund*.

⁸ The EII caters to the Occupational Safety and Health requirements while SHI provides for health care services.

⁹ ILO, 2012. *Social Protection Floors Recommendation*, (No. 202), ILO: Geneva

¹⁰ ILO, 2015. *Transition from the Informal to the Formal Economy Recommendation* (No. 204). ILO also adopted a Resolution concerning efforts to facilitate the transition from the informal to the formal economy.

protection floors around the world with an initial target of 21 countries including Cambodia¹¹. To assess the worldwide progress and challenges in respect to the social protection, the ILO has been publishing the *World Social Protection Report* since 2014.

A.3.2. The European Union view

11. While ILO's approach to Social Protection is essentially normative, European Union also emphasizes on the functions of Social Protection in promoting social inclusion. According to the European Commission, "Social protection may be broadly defined therefore as policies and actions that: enhance the capacity of all people, but notably poor and vulnerable groups, to escape from poverty, or avoid falling into poverty, and better manage risks and shocks and aim at providing a higher level of social security through income security and access to essential services (in particular, health and education) throughout active and inactive periods and periods of need throughout the life-cycle."¹² All member states of the European Union are in principle committed to providing universal access to social protection as stated in Article 34 of the Charter of Fundamental Rights of the European Union.

12. The future direction of EU Development Cooperation in support of social protection in partner countries aims at improving equity and efficiency in provision, while supporting social inclusion and cohesion, as the essential underpinnings of inclusive, sustainable growth and poverty reduction.

13. The Consensus for Development of the EU adopted in 2017 provides the framework of EU's future development policy which will guide the action of EU institutions and Member States in their cooperation with all developing countries. The new European Consensus for Development complements the 2030 Agenda for Sustainable Development¹ (2030 Agenda), adopted by the United Nations in September 2015 and stated that its Member States are committed to a life of dignity for all that reconciles economic prosperity and efficiency, peaceful societies, social inclusion and environmental responsibility. In doing so, efforts will be targeted towards eradicating poverty, reducing vulnerabilities and addressing inequalities to ensure that no-one is left behind¹³.

A.4. Domestic Workers and Social Protection

14. There are at least 53 million domestic workers worldwide of which 83% are women. ILO estimates that domestic work accounts for at least 4% - 10% of total employment in developing countries. Only 10% of domestic workers worldwide receive coverage from labour laws in a way that is comparable to coverage accorded to other workers. It is estimated that 25% of domestic workers are excluded entirely from legislative protection. About 36% of female domestic workers

¹¹ ILO, 2016. Building Social Protection Floors for all: ILO Global Flagship Programme, ILO Website <http://www.social-protection.org/gimi/gess/Flagship.action>

¹² European Commission, 2012. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*. Available at <http://ec.europa.eu/transparency/regdoc/rep/1/2012/EN/1-2012-446-EN-F1-1.Pdf>.

¹³ EU 2017. *The New European Consensus on Development 'Our World, Our Dignity, Our Future'* Joint statement by the council and the representatives of the Governments of the Member states meeting within the Council, the European Parliament and the European Commission. Available at https://ec.europa.eu/europeaid/sites/devco/files/european-consensus-on-development-final-20170626_en.pdf.

have no maternity protection. Of 72 countries reviewed in 2012 by ILO, 40% provide no protection for domestic workers with respect to reasonable hours of work or days off¹⁴.

15. According to ILO Convention 189 (C189), adopted on 16 June 2011, specifies rights and principles for ensuring decent work conditions for domestic workers. C189 defines domestic work as “work performed in or for a household or households” and the term domestic worker as “any person engaged in domestic work within an employment relationship”¹⁵. It may be noted that Cambodia is yet to ratify C189.

16. There is an increasing demand from Cambodian domestic workers’ associations urging RGC to ratify C189. The driving element of C189 for this demand is for Member countries to “...take appropriate measures, in accordance with national laws and regulations and with due regard for the specific characteristics of domestic work, to ensure that domestic workers enjoy conditions that are not less favourable than those applicable to workers generally in respect of social security protection, including with respect to maternity” (Article 14 of ILO-C189)

17. Domestic work in Cambodia generally includes tasks such as cleaning, cooking, washing and ironing clothes, taking care of a person, driving for the family, guarding the house, gardening, and taking care of household pets. Domestic workers may be employed on a part-time or full-time basis. Part-time domestic workers work for multiple employers are also termed as live-out workers. Full-time live-in domestic workers are employed with one employer and lives in the employer’s household¹⁶.

18. In the absence of official statistics, it is difficult to provide an estimate of the workforce engaged in domestic work in Cambodia. According to an article published in a leading newspaper of Cambodia, there were an estimated 240,000 domestic workers across Cambodia in 2014¹⁷. As various reports and news articles indicate the working and living condition of domestic workers in Cambodia is a matter of concern¹⁸.

19. The informality in this sector is even more fragmented than what exists as informality in some of the other sectors such as construction (covered in phase 1 of our study). Like in other developing or less developed countries, the domestic workers in Cambodia are mostly women, with very few males taking up such jobs. Many of the domestic workers typically migrate from rural to urban areas, have low levels of education, work for long hours to support themselves,

¹⁴ UN Women, 2015. *Out From Behind Closed Doors: A Study on Domestic Workers in Cambodia*

¹⁵ ILO, 2011. *C189- Domestic Workers Convention, 2011 (No. 189)*. Available at http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:148239971792935::NO:12100:P12100_ILO_CODE:C189:NO

¹⁶ UN Women, 2015. *Out From Behind Closed Doors: A Study on Domestic Workers in Cambodia*

¹⁷ The Cambodia Daily, 2014 (June 17). *Domestic Workers March on Ministry*. Available at <https://www.cambodiadaily.com/archives/domestic-workers-march-on-ministry-61588/> Accessed on 17 Jan 2018.

¹⁸ We.news, 2015 (April 6). *In Cambodia, Domestic Workers get Organized*. Available at <https://womensenews.org/2015/04/in-cambodia-domestic-workers-get-organized/>

dependents and supplement household income. A study by Centre for Policy Studies (CPS)¹⁹ of 600 domestic workers showed that 92% were women with 65% being employed by a foreigner.

20. Economic exploitation of domestic workers in developing countries is common as average wage rate is low and payments are often unduly deferred. Most of them have extremely long and demanding working hours. In an interview with the study team, the leader of Cambodian Domestic Workers Network (CDWN) revealed that many women were forced to work overtime, did not have time to rest during meals and were prevented from taking days off. The CPS survey also showed that those who asked for overtime, 18% did not receive extra pay and almost 20% did not get holidays.

21. Key protections provided by Convention No. 189 include ensuring that domestic workers²⁰:
- are not under the age of 18, or if they are younger, and allowed by national legislation to work, have access to
 - compulsory education (in Cambodia that would be through Grade 9);
 - are protected against all forms of abuse, harassment and violence;
 - enjoy fair terms of employment and decent working conditions, including respect for privacy if they reside in the household of the employer;
 - enjoy equal treatment as compared to workers generally regarding normal hours of work, overtime compensation, daily and weekly rest and paid annual leave and are informed of their terms and conditions of employment preferably through a written contract;
 - benefit from minimum wage coverage, where it exists;
 - are free to reach agreement with their employer on whether to reside in the household, and that those who do reside in the household are not obliged to remain there or with household members during periods of rest or annual leave;
 - enjoy occupational safety and health standards;
 - enjoy conditions not less favourable than those applicable to workers generally in respect of social security protection; and,
 - have access to courts, tribunals or other dispute resolution mechanisms.
 - The Convention also supports the introduction of labour inspection, enforcement and penalties, making specific reference to private employment/recruitment agencies.

22. There is minimal coverage of social protection systems for domestic workers in Cambodia. The legislative and regulatory framework of Cambodia under which workers are accorded decent work rights and right to social protection does not include domestic workers within its jurisdiction. Article 1 of the labour law (1997) specifies that domestic workers are excluded from within its purview, although they are entitled to apply the provisions of freedom of union under the law. The CPS survey reported 83% of the interviewees saying they had “not received any insurance”. As the NSSF presently extends its Social Protection benefits to workers covered under the Labour Law, its schemes such as the EII and SHI does not allow inclusion of non-standard workers like domestic workers, who are employed with private households.

¹⁹ CPS survey findings was discussed at a forum organized by CDWN, the reported extracts have been accessed at <http://www.phnompenhpost.com/national/domestic-workers-call-rights-protection> on 20 January 2018

²⁰ UN Women, 2015. *Out From Behind Closed Doors : A Study on Domestic Workers in Cambodia*.

23. Thus the only options that are available for the domestic workers is to either depend on their employer's benevolence to get them a private insurance or obtain register for the government-led HEF. It is important to note that until recently, HEF was only open to those identified as "ID Poor". It is only recently that RGC has expanded voluntary access to HEF with the NSSF carrying out registrations. We attempted to understand the extent of HEF coverage among domestic workers, and their willingness to contribute for NSSF's schemes such as the EII and SHI.

B. STUDY OBJECTIVES AND METHODOLOGY

B.1. Objectives

24. The broad objective of the research study is to develop evidence based knowledge and capacity development regarding social protection for workers in the informal economy. This report attempts to study social protection of domestic workers who are employed with private households, as one of the many forms of employment arrangements prevalent in the informal economy. A set of key research questions were developed after discussing with project stakeholders. These are

- i. Who are the stakeholders in the domestic work labour market and what role do they play?
- ii. What are the main socio-demographic indicators of the domestic workers?
- iii. What are the social protection benefits applicable to domestic workers, to what extent do domestic workers enjoy social protection benefits?
- iv. What are the employment arrangements of Domestic Workers in Cambodia?
- v. Can they afford social security contributions?
- vi. Are the domestic workers and their employers interested in the social protection benefits? Is there willingness to contribute towards NSSF's Social Security benefits?
- vi. What are the challenges that domestic workers face and what are their coping mechanisms in the absence of protection?

B.2. Methodology

25. The research methodology was a mix of desk literature review, secondary data collection, consultations with stakeholders, primary data collection which included FGD and in-depth interviews. At an operational level, study has been sequenced in three stages. Key activities within each of these stages is given in Figure 1 and explained briefly.

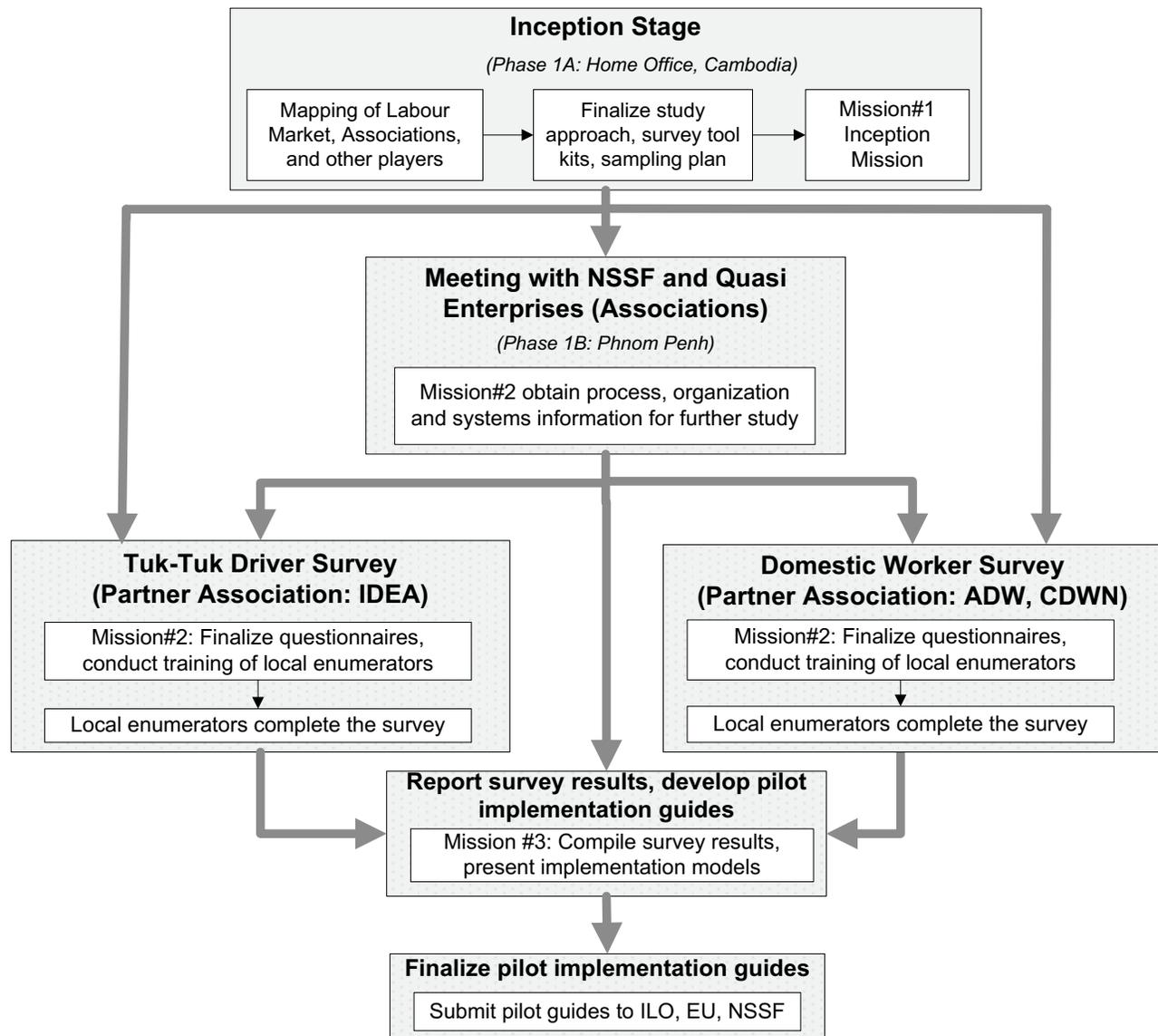


Figure 1: Engagement Approach

26. The inception stage included stakeholder interactions and finalizing the sampling plan, followed by preparation of survey instruments, pilot testing of questionnaires and planning and execution of field surveys. Meetings were held with concerned NSSF officials and workers' associations such as Cambodia Domestic Workers Network (CDWN), Association of Domestic Workers (ADW).

27. For the workers' survey, CDWN and ADW were requested to mobilize 50 live-out domestic workers each among their members. For key informant surveys, IDEA officials and NSSF officers from Registration Contribution, Inspections and Benefits Administration divisions were requested to grant interviews to the study team.

28. The sample size for the survey and set of key informant interviews undertaken for this component of the study is given in Table 1. The stratification and survey instruments were finalized after discussing with EU-SPS, ILO and the associations during the inception mission.

Table 1: Survey sample size and set of key informant interviews

Sl. No.	Actors	Sample size and key informant interviews
1	Domestic Workers	<ul style="list-style-type: none"> • Survey Coordinating Agencies: ADW and CDWN • 102 workers (across residential zones, and gated complexes in the city), 50 members each from ADW and CDWN • Includes 96 Live-Out workers and 6 Live-In workers
2	Workers' Associations	<ul style="list-style-type: none"> • First discussion session with ADW and CDWN regarding on-ground issues, survey sampling, respondent mobilization plan, interview scheduling and pilot testing of questionnaire on six domestic workers • Second discussion session with ADW (as it was the larger of the two associations) to assess their membership management processes and capacity augmentation needed for them to work with NSSF to extend Social Protection to their members

29. Field surveys were conducted by a national team of surveyors. The survey was conducted using a structured questionnaire²¹. The questionnaires were prepared in English which were administered in Khmer by the national surveys in pilot interview sessions with domestic workers. The feedback obtained during these pilot sessions were used to fine tune the questionnaires before rolling it out to all the respondents. The collected data was analysed using Statistical Package for Social Science (SPSS) version 22.0 and Microsoft Excel 2010.

B.3. Analytical Framework

30. The analytical framework for this study comprised following dimensions:
- i. Socio-economic profiling of survey respondents
 - ii. Affordability analysis: employment arrangements, Income – Expenditure Analysis
 - iii. Assessing Willingness To Pay
 - iv. Social Protection Impact projections

31. Figure 2 depicts the steps undertaken for respondents profiling, affordability analysis, assessing willingness to pay followed by a projection of possible impact on the beneficiaries if they were to adopt NSSF social protection schemes.

²¹Questionnaires included as Annex-1

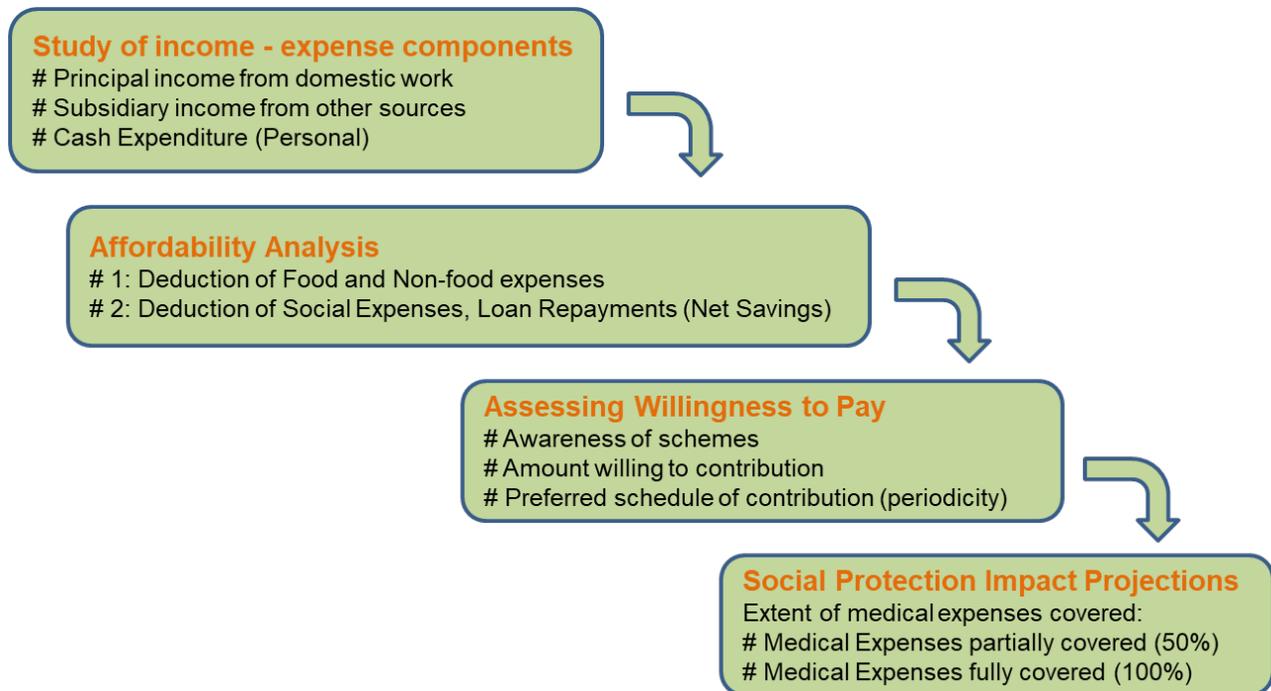


Figure 2: Analytical Framework

C. SURVEY FINDINGS

C.1. Labour Market: stakeholder map

32. Figure 3 illustrates the domestic workers labour market in Cambodia. Key stakeholders relevant to this study have been mapped. There could be other stakeholders (such as those for the migration process) who have not been mapped.

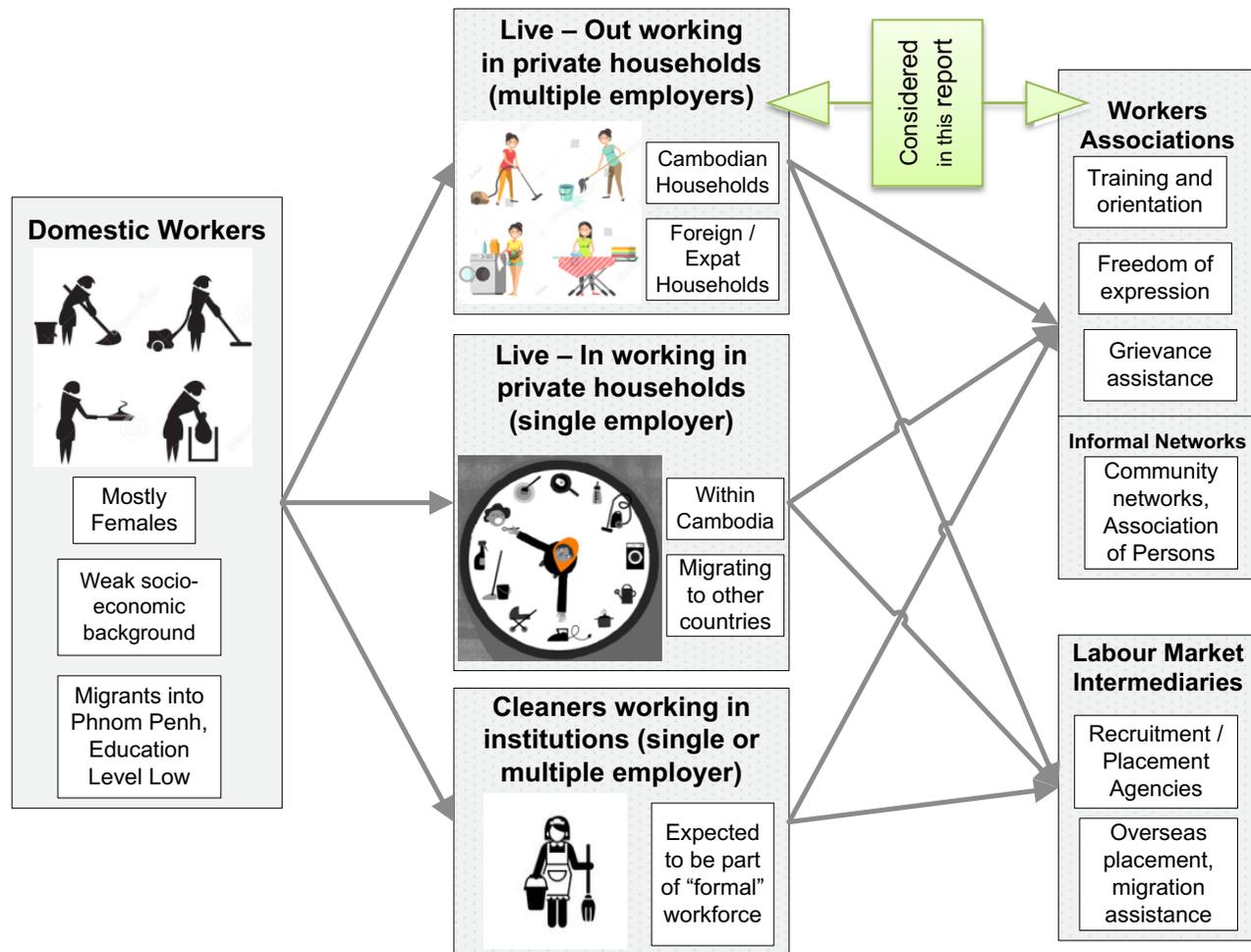


Figure 3: Domestic Workers' Labour Market: Mapping of Stakeholders (illustrative)

C.2. Profile of Respondents

33. This section outlines the Socio Demographic profile of a sample of 96 live-out domestic workers in Phnom Penh employed with private households. 97% of the domestic workers in the sample are females and 3% males. While the females in the sample were found to be engaged in household work like washing, cleaning, cooking and care work, the males were engaged in driving and gardening.

34. **Age Profile:** Majority (38%) of the respondents in the sample were in the age-group of 40-49 years, followed by 29% in the age-group of 30-39 years and 19% in the age-group of 50-59 years. About 8% of the respondents were below 30 years while 6% were above the usual working age-group of 15-59 years. The average age of the respondents was 43 years.

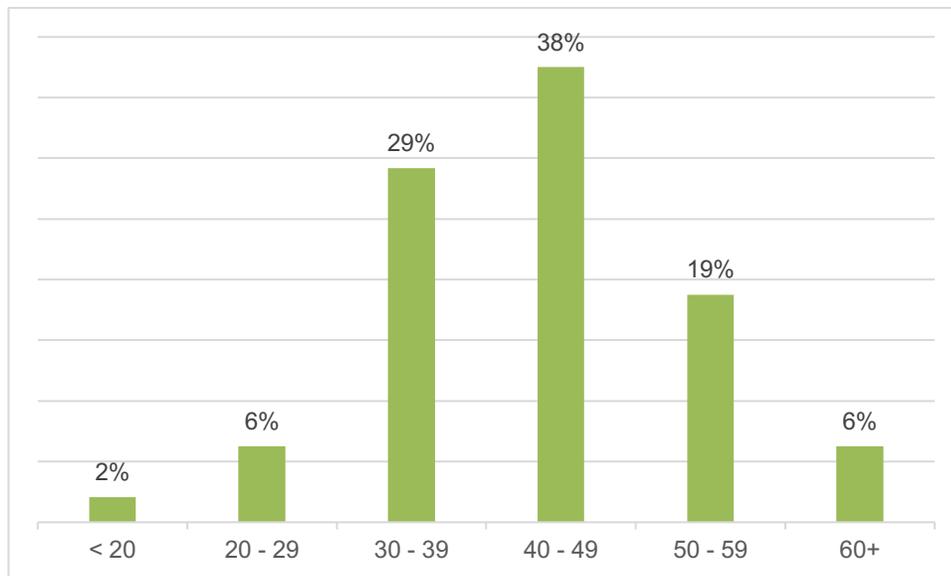


Figure 4: Age Profile of domestic workers

35. **Education:** Education reflects intellectual resource which affects a person’s cognitive thinking, decision making and labour market outcomes like employment prospects and wages. Commonly, formal education is captured by access to primary and secondary school. The education level of majority of the domestic workers was low. About 83% of the domestic workers in our survey reported they did not complete schooling, which included 8% respondents who never attended school and 42% who had dropped out before completing primary school. Only 11% completed high school (Figure 5).

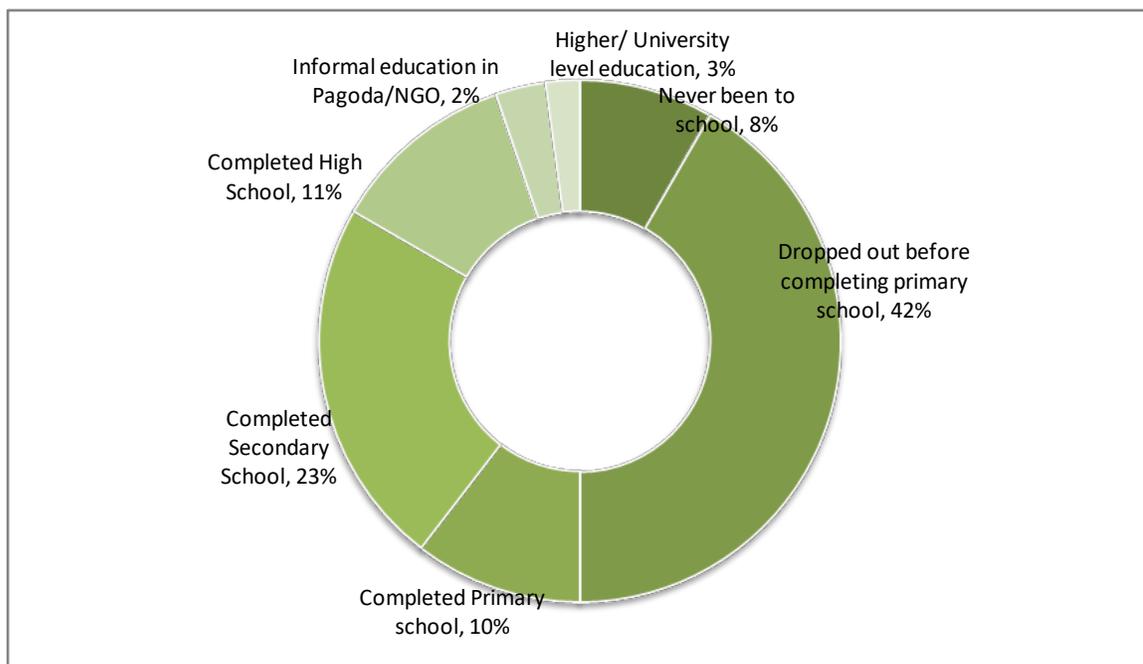


Figure 5: Education Level of Domestic Workers

36. In the context of the study, this implies that the intervention of a labour Market Intermediary (LMI), such as domestic workers' association, would be required to extend NSSF's coverage of social protection to domestic workers. The process of registration of workers and maintaining them as active beneficiaries in the longer term involves reasonable amount of paper work and documentation which requires a basic level of education.

37. **Skills and Training:** Vocational skills generally improve employment prospects. 38% of respondents reported receiving vocational and other skill training. Common skills training imparted included awareness on labour law, gender equality, domestic violence, domestic work, health care, child care, social affairs and training in languages (English and French).

38. Language appears to be an important criterion for the type of households that domestic workers can be employed. Multi-language skills could improve chances of getting job in expat households which were perceived to be better paying. About 60% of the domestic workers had multi-language skills, of which 88% were employed in expat households. Phnom Penh residents had better language skills as compared to migrants. Of the Phnom Penh residents, 62% knew both Khmer and English, while the corresponding figure for migrants was lower at 43%.

39. The **type of Employer Household** was categorized based on whether the private household employer was expatriate or Cambodian. More than 70% of the respondents in the sample worked in expatriate households, 22% worked in Cambodian households and 7% worked in both Cambodian and Expat households. The large expatriate community in Phnom Penh primarily rely on Cambodian domestic workers for their household work. Usually domestic workers employed in expat households earned higher wages as compared to earnings from Cambodian households. The employment arrangements and soft skills demanded also differed between expat and Cambodian households.

40. **Place of Residence:** Domestic workers were asked if they originally belonged to Phnom Penh or they migrated to Phnom Penh from other provinces. This question was a proxy indicator of rural to urban migration as Phnom Penh is the hub of economic activities in Cambodia and houses about 1.7 million people. Many women migrate from rural areas to Phnom Penh along with their families in search of livelihood opportunities. About 71% of the domestic workers in the sample reported having migrated from other provinces to Phnom Penh. Official statistics also show the annual rate of growth of population in Phnom Penh as 2.34% in 2013 vis-à-vis 1.83% for the country as a whole²². Domestic workers who have migrated to Phnom Penh from other provinces have been referred to as 'migrants' in the study.

41. **Accommodation:** is an indicator of asset reflecting economic condition. About 57% of domestic workers live in rented accommodation and 8% live with relatives. As expected, only 26% of the migrants reported living in their own houses as compared to a corresponding 54% of Phnom Penh residents. 66% of the migrants lived in rented accommodation and 7% lived with relatives.

²² The population figures are those of 2013 as recorded in the Cambodia Inter-Censal Population Survey 2013. See National Institute of Planning, 2013. *Cambodia Inter-Censal Population Survey 2013 Final Report*. Ministry of Planning, Cambodia.

42. **Identity Documents:** In our survey, 96% of domestic workers reported having national ID card which is a pre-requisite for NSSF registration.

43. **Access to bank accounts:** Bank accounts can serve as a gateway to various financial services. For majority of the poor, inadequate savings and long distances from banks are major obstacles to financial inclusion. The formal financial inclusion rate in Cambodia is 59%²³. Within the formal financial sector, 17% of adults use banks, while 24% rely on microfinance institutions (MFIs)²⁴. In our survey, among domestic workers, around 30% reported having bank accounts. For remittance, most of the respondents reported using online money services like Wing, E Money, True Money. However, not having a bank account would not be an immediate impediment to accessing social protection benefits from NSSF, except in cases of disability where NSSF makes regular payments and requires the beneficiary to have a bank account.

C.3. Employment Arrangements

44. **Employment Arrangements based on number of employers:** Employment arrangements of live-out domestic workers may be analysed based on number of households they work for, which amounts to one worker having multiple employers. A significant majority of the respondents in the sample (69%) worked for only one household or had one employer (Figure 4). About 23% worked for two households and only 8% worked for three or more households.

45. Employers of private households being an important stakeholder in the domestic worker labour market should ideally contribute towards social security contributions for domestic workers. However, the informal nature of employment terms and conditions, ad-hoc hiring process, short duration of work and multiple employers (in case of live-out domestic workers) makes it difficult to lay the burden of social security contributions to employers. Domestic workers being explicitly excluded from the Labour Law there is little prospect of private households registering for social security of domestic workers in the near future.

²³ McGrath, Cam, 2016. *New Tool for Financial Inclusion*. The Phnom Penh Post. Available at <http://www.phnompenhpost.com/business/new-tool-financial-inclusion> Accessed on 20th January 2018.

²⁴*ibid*

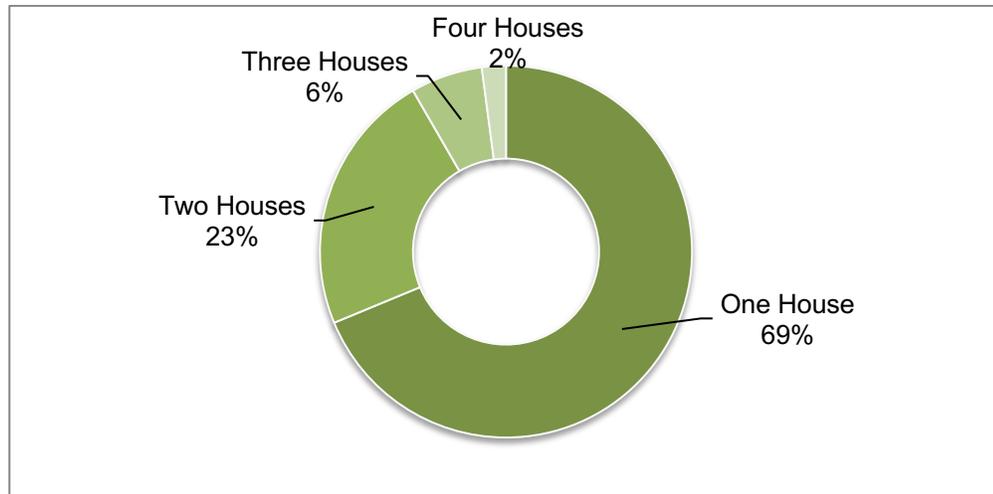


Figure 6: Employment arrangements, number of employers

46. **Employment Arrangements based on working days:** A variety of employment arrangements were reported based on working days. In majority (51%) of the houses, employment arrangements required domestic workers to work for 21-26 days in a month. In 13% of the houses the norm was to work for 16-20 days, 12% of the houses for 15 days in a month and in 16% of the houses for less than 10 days in a month. Only in a small number (7%) of houses they were required to work for more than 26 days in a month. Our survey results also found a majority of the workers worked beyond 8 hours per day, that is 43% of the domestic workers worked for 8-10 hours, 24% workers worked for 10-12 hours, 7% worked for 12-14hours and 6% worked beyond 14 hours too (including 1% who worked beyond 18 hours).

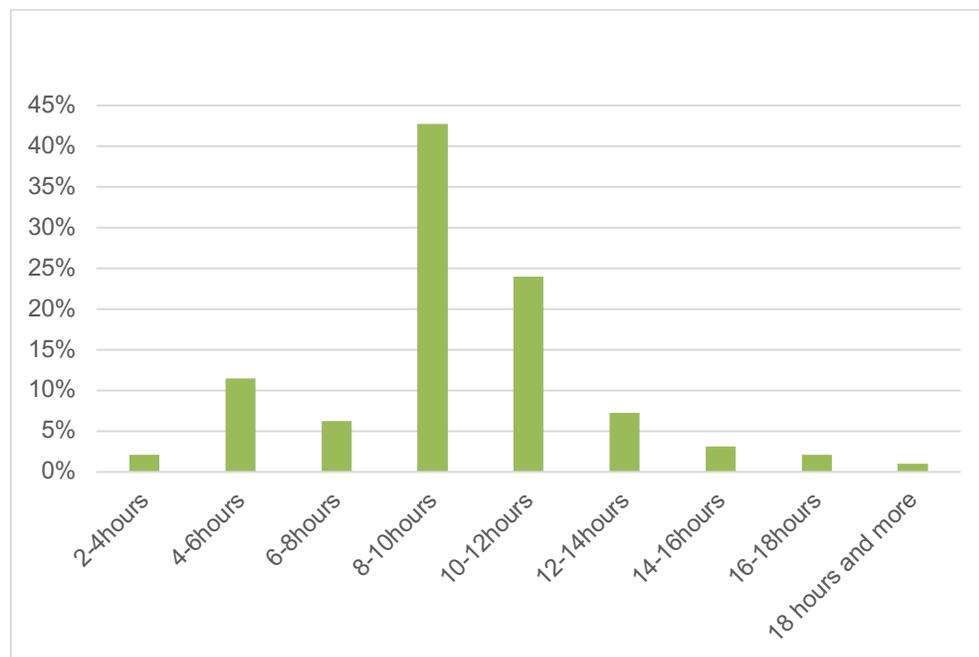


Figure 7: Number of working hours per day

47. Short-duration employment arrangements were commonly found among expat households. The average daily income of domestic workers from such short-term arrangements was found to be 2-3 times higher when compared with the daily average income of long term arrangements (of more than 20 days). For almost all (98%) of domestic workers the wage settlement period was reported to be monthly, including those with short-duration employment arrangements as well.

48. **Tasks performed:** The distribution of tasks in households is shown in Figure 5. Cleaning is the most common task performed followed by washing and cooking.

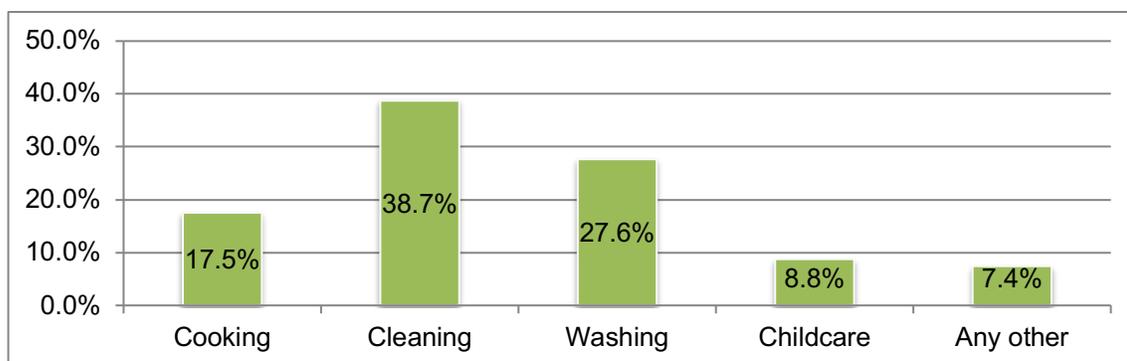


Figure 8: Key tasks performed in domestic work occupation

49. **Paid leave and In-kind benefits:** A high majority (93%) of the respondents reported that they had annual paid leave, 35% have casual/ sick leave and 14% maternity benefits. Whereas those working in Cambodian households reported that 81% of the respondents had annual paid leaves, 42% have casual/sick leave but on the contrary 10% have maternity leaves. Domestic workers working for Expat families reported that 97% of the respondents have annual paid leaves, but only 24% had casual/sick leave but on the contrary 15% had maternity leaves. However, this may not be reflecting the overall domestic work labour market situation in Cambodia as all respondents interviewed were workers association members who would have undergone awareness training on labour law, decent work norms, and were likely to have better negotiated their employment terms than other workers. Among in-kind benefits, 42% received festival bonus, 23% received food and 6% received clothing benefits.

50. **Social Networks and employment prospects:** As typical of less developed economies, the process of employing domestic workers predominantly runs through informal channels. Majority (73%) of the respondents was sourced into their present employed through referrals from friends and relatives. About 14% got the job on their own by directly approaching concerned households, while 9% were employed in a formal way through associations and only 2% got their job through agents. It may be noted here that all the respondents interviewed were members of Domestic Workers' Association. This shows the limited role the associations play as a labour market intermediary in the recruitment process. While on one hand this translates into loose personal arrangements between employer (of private households) and employee, informal transactions, and weak bargaining power of workers in the absence of sanctioned support of labour market

institutions, on the other hand, the arrangement also reflect social and community ties that facilitate migration and livelihood opportunities and eases economic and other stresses.

C.4. Affordability Analysis

51. Affordability analysis encompasses studying income patterns, understanding expenditure components and computing net savings. It is out of the net savings that respondents can eventually make contributions towards social security.

52. **Income Patterns:** Income of Domestic Workers has been studied in two steps.

- i. In step 1, wages earned from domestic work have been considered (Table 2).
- ii. In Step 2, the total income has been computed which is the sum of income from domestic work and income from subsidiary sources (Table 3). More than one-fifth of the respondents recorded being engaged in additional income earning activities apart from wage earned from domestic work. Additional income earning activities include services at hotel/ restaurants, street vending, childcare and tailoring etc. In the report, we have used the term subsidiary income/ income from subsidiary sources to denote additional income.

53. *Step 1:* On an average, domestic workers working for expat households earn more as compared to their counterparts working for Cambodian households. Monthly wages for domestic workers working in expat households is higher than those working in Cambodian households by almost USD 115. The overall median income figures are slightly lower than the mean income figures. The annual median income figure for 2016 is USD 2,400 and that of 2017 is USD 2,640 which means that 50% of the respondents earn wages below and above the median figure. Mean average is more affected by high income values. Wage income domestic workers saw an annual increase of around 14% between 2016 and 2017 (Table 2).

Table 2: Wage Income from domestic work

Type of Employer household	Average (Mean) Monthly Income (USD)		Average (Mean) Annual Income (USD)		Annual Increase in Income (%)
	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016 → Year 2017
Expat	225	256	2,704	3,070	14%
Cambodian	121	139	1,457	1,669	15%
Both	229	259	2,743	3,111	13%
Overall	203	231	2,434	2,766	14%

Source: DEFT Survey Analysis

54. *Step 2:* Table 3 shows the average annual mean income after taking into account income from subsidiary sources. On an average there was an addition of USD 270 in 2016 from subsidiary sources while in 2017, the additional income from subsidiary sources was reduced to USD 237. Hence, at the overall level, the annual income showed a slightly lower annual increment of 11% between 2016 and 2017.

Table 3: Total Income of Domestic Workers

Type of household	Annual Average Income (USD)		Increase in Income (%)	Margin of Error at 95% confidence level	
	2016	2017	2016 → 2017	2016	2017
Expat household	2,940	3,261	11%		
Cambodian household	1,929	2,131	10%		
Both Expat and Cambodian household	2,743	3,111	13%		
Overall	2,704*	3,003*	11%	12%	10%

* Note: the biennial average income works out to be USD 2,854 which has been used for computing the net savings of domestic workers in Table 5

Source: DEFT Survey Analysis

55. Study on Domestic Workers in Cambodia conducted by UN Women, 2015 reports an average monthly wage of USD 62 for domestic workers, but our survey findings suggest a much higher average that is USD 216 (Biennial average monthly wage for years 2017 and 2016). But, a similar pattern of disparate wages were found in our survey as well. 1% of the respondents earned monthly wages as high as USD 500-550, followed by 6.3% who earned between USD 300-400, 28% earning between USD 200-300, 53% earning between USD 100-200, 12.5% earning between USD 50-100 and only 1% earned monthly wage less than USD 50.

56. **Comparison with minimum wages:** There is yet no minimum wage floor set for domestic workers in Cambodia. The minimum wage for the textile and footwear workers has been set by the Government at USD 170 per month for the year 2018. From the survey, the notional biennial average monthly wage for domestic workers works out to be around USD 238 which is higher than the minimum wage set for the textile and footwear industry workers.

57. **Expenditure analysis:** The components of personal expenditure incurred by domestic workers are enlisted below and the annual expenditure (biennial average of 2016 and 2017) under the components as shown in Table 4. The highest share of expenditure is spent on loan repayment, followed by remittances and food expenses. A significant 35% of respondents reported that they had borrowed money in 2017 and 32% had borrowed money in 2016, whereas 29% had

loans in both 2016 and 2017, and were currently repaying their loan. This figure of 29% has been used in biennial expenditure analysis (Table 4).

Table 4: Annual Expenditure Analysis

	Annual Average expenditure (in USD)	Proportion of each component (%)
Food expenses	497	18.4%
Non-food expenses	257	9.5%
Education Expenses	277	10.2%
Transportation cost	86	3.2%
Loan repayments	786	29.1%
Expenses on social events	139	5.1%
Medical expenses	62	2.3%
Remittances (for expenses of families in the provinces)	602	22.2%
Total	2,706	100%

Source: DEFT Survey Analysis

58. **Net savings:** Biennial income figure of 2016 and 2017 is taken and annual average personal expenditure is deducted from it so as to compute annual net savings for domestic workers. The result shows that average annual net savings is at a low of USD 148 (Table 5). This is particularly owing to debt repayments and large remittances. Social security funding by NSSF would be of considerable help to this group in case of medical emergency as they have meagre savings to fund such contingencies.

Table 5: Computation of Net Savings

Annual Average Income in USD (1)	Annual Average Expenditure in USD (2)	Annual Net Saving in USD (1-2)
2,854	2,706	148

Source: DEFT Survey Analysis

C.5. Vulnerabilities and Coping Mechanisms

C.5.1. Vulnerabilities

59. The fragmented nature of low-skill live-out domestic work, multiplicity of employers each being activated through verbal agreements, makes the occupation inherently unstable. Further, its explicit exclusion from the Labour Law, the country's non-ratification of ILO C189, and the domestic workers' low levels of education makes them a vulnerable segment in the Cambodian labour market.

60. **Occupational Safety and Health:** Around one-fourth of the respondents have reported for workplace injury, majority of which were minor. Out of the 8% who reported serious injuries at the workplace, 29% respondents visited hospital for the treatment. In 57% of the cases, hospital bills were paid by the employer, 29% paid out of their own savings and 14% through private insurance. Among those domestic workers working for Cambodian families, reported that 33% suffered from minor injuries, among them 29% of visited hospital for treatment and 100% of the hospital bills were paid by employees.

61. Another study on Domestic Workers in Cambodia conducted by UN Women, 2015 reported adverse impact on domestic workers' health through use of chemical substances such as abrasive detergents in routine work. Out of 234 respondents, 22% reported having been injured at work.

62. **Employment conditions:** A reasonably large number of respondents (41%) reported harassment at workplace. Out of those who reported being harassed, verbal harassment (43%) is the most common form type of harassment domestic workers had to face followed by extension of working hours (30%) and imposition of additional tasks (28%). About 65% of the domestic workers had no provision of availing casual/ sick leave and 86% did not receive maternity leave. About 14% of the domestic workers reported wage deduction for sick/casual leaves and 11% reported deductions in case of any workplace damage done.

63. For those working in Cambodian households, 43% of the domestic workers reported being harassed. Out of them, 67% faced verbal harassment followed by 11% facing burden of additional tasks and 22% facing additional hours of work with additional tasks. Provision of availing leaves and getting wage deductions for those working with Cambodian families was worse than the overall figures, 58% reported having no casual/sick leaves and 90% reported having no maternity leave. Also, 76% reported wage deduction in case of casual/sick leaves and 62% reported deductions in case of workplace damage.

64. The UN Women (2015) study also reported that verbal abuse was the most common form of abuse faced by domestic workers. 46% reportedly faced verbal abuse, while 38% faced emotional abuse, 9% faced sexual abuse and 7% faced physical abuse. Respondents also reported working more than 8 hours a day with 44% reporting they worked over 12 hours a day.

65. Lack of awareness about social protection schemes is reflected by the fact that 54% of the domestic workers were unaware of NSSF's social protection schemes such as SHI and EII. Also,

34% of the respondents in the survey were unwilling to make any contributions towards social security schemes.

C.5.2. Coping Mechanisms

66. **Joining the occupation to earn subsistence:** When asked about the reason for joining domestic work, many of the women replied that they took up domestic work as a coping strategy for subsistence earning. They felt that their low education, dearth of support by the family, and lack of other employable skills limited their access to better livelihood opportunities leaving domestic work as the only occupational option with a low entry barrier. Our survey showed separated and widowed women adopted domestic work to cope with their economic and social vulnerabilities. At an overall level, 55% respondents work overtime to support themselves and dependents.

67. Migration from rural to urban areas in search of livelihood to cope with variations in agriculture incomes. Around 71% of the respondents in the sample were migrants who migrated to Phnom Penh for better livelihood opportunities. In the absence of appropriate formal channels, majority of the domestic workers depended on community networks of friends and relatives to enter the labour market.

68. **Subsidiary occupation:** Once in the domestic work labour market, the workers continue to face challenges of informal employment and low incomes. Survey findings showed domestic workers taking up subsidiary occupations to supplement their incomes. This was essentially a coping mechanism to fight low and unpredictable income from domestic work amidst rising living costs in Phnom Penh. Around 22% of the respondents reported a subsidiary source of income. Services at hotel/ restaurants, street vending, childcare and tailoring or the most common activities of the domestic workers as a source of subsidiary income.

69. **Borrowing:** With a near-absence in savings, many domestic workers borrow money from relatives, friends and employers to meet different kinds of social obligations and take care of exigencies. Debt makes it harder for low incomes earners like domestic workers to move away from the brink of poverty and remain vulnerable to economic shocks such as healthcare costs in case of medical exigencies.

C.6. Willingness to Pay for NSSF schemes

70. Willingness to enrol for social protection schemes can be construed as an indicator of the informal workers search for a coping mechanism. About 66% survey respondents showed interest to join NSSF schemes. Almost all (98%) respondents willing to join social protection schemes reported that they would prefer a monthly contribution schedule.

Table 6: Assessing Willingness to Pay (WTP)

Willingness To Pay	WTP amount as percentage of monthly wages	Contextual Interpretation	Respondents (%)
Not Willing to Pay			34%
Less than KHR 6,800		Will not be eligible for NSSF registration under present schemes	9%
KHR 6,800 and above	Less than 0.8% of the assumed monthly wages	Less than the NSSF stipulated monthly wage percentage of for either EII or SHI	1%
	Between 0.8% to 3.4% of assumed monthly wages	Will be eligible for NSSF registration under EII scheme only	54%
	3.4% of assumed monthly wages and monthly above	Will be eligible for NSSF registration under present EII scheme and SHI scheme (2.6% of wages as SHI and 0.8% of wages as EII = 3.4% of wages)	2%
Total			100%

Source: DEFT Survey Analysis

71. According to NSSF's guidelines, KHR 6,800 is set as the minimum monthly contribution to be paid in order to qualify for social security benefits. Survey findings (Table 6) show that only 57% of the respondents were willing to pay the monthly minimum amount of KHR 6,800 or above.

72. The monthly contribution for EII is 0.8% of wages. About 54% of respondents were willing to pay between 0.8% and 3.4% of assumed monthly wages who, under present norms, would be eligible for EII cover only. However, the need for domestic workers was more for SHI cover as serious workplace injury for them was quite low.

73. Only a very small proportion (2%) of the respondents actually fitted all the criteria set out by NSSF for registration under its EII and SHI schemes. Thus some adjustments would need to be made by NSSF to extend social insurance coverage to this segment of the labour market.

74. One such possibility could be to allow any domestic workers willing to pay more than KHR 6,800 to join the EII and SHI schemes through their association by flexibly choosing their 'assumed wage' level as prescribed by the NSSF vide Annex 1 of Prakas 449 LV/PrK on Determination of Contribution Rate. An extract of the contribution table (lowest five levels) from Prakas Annex 1 is given below in Table 7 for ready reference.

Table 7: Contribution for Occupational Risk (EII) and Health Care (SHI)

Level	Monthly Wage (Riel)	Assumed Wage (Riel)	Monthly Contribution for Occupational Risk per Worker (0.8%)	Monthly Contribution for Health Care per Worker (2.6%)	Total Contribution
1	Below 200,000	200,000	1,600	5,200	6,800
2	200,001 – 250,000	225,000	1,800	5,850	7,650
3	250,001 – 300,000	275,000	2,200	7,150	9,350
4	300,001 – 350,000	325,000	2,600	8,450	11,050
5	350,001 – 400,000	375,000	3,000	9,750	12,750

C.7. Social Protection Impact Projection

75. Out of pocket medical expenditure is likely to have an adverse impact on domestic workers, especially those living on the margins. In the absence of any social health security coverage, they would have to use their own savings, or in worse scenario, sell assets or borrow from friends and family to cope with the situation. In such cases, the NSSF coverage (through EII and SHI schemes) can make a difference in this situation by extending protection to them and prevent them from slipping into poverty. A modelling exercise was attempted on the survey data to (a) better understand the favourable impact (if any) which NSSF social security coverage would have on the workers, (b) the extent NSSF coverage would benefit domestic workers if they face a medical emergency situation with unexpected high medical treatment expenses.

76. As a first step, the annual medical expenses were tabulated (Table 8) and we segregated the data for the cohort with an annual medical expenditure threshold of more than USD 100. While the modelling was done using available survey data for a particular cohort, the findings could apply to all workers who could be needed to incur such costs in future, should any exigency arise.

Table 8: Medical Expenditure Analysis

Annual Medical Expenses (USD)	Year 2016	Year 2017
Less than 100	69%	61%
100 – 200	11%	11%
200 – 500	14%	23%
500 – 1,000	4%	4%
Above 1,000	2%	1%

} 31%
} 39%

Source: DEFT Survey Analysis

77. In the next step, the projection scenario was built for the respondents who incurred more than USD 100 as annual medical expenditure.

78. Our survey findings suggest that, majority of the respondents expressed willingness to contribute a monthly amount of USD 2 (KHR 8,000) based on a modal analysis for the amount that respondents are willing to contribute. According to present NSSF guidelines, the nearest amount of contribution that rounds close to our survey figure is KHR 7,650 (equivalent USD 1.9). Hence, an annual amount of USD 24 (based on monthly contribution of USD 2) was used to build the projection scenario.

79. The projection scenario was based where the beneficiary would get partial coverage from NSSF (we took 50%) of his medical expenses as it was unlikely that all medical services could be availed from hospitals covered by the NSSF or that all medical expenses incurred by the workers could be claimed from the NSSF. We observed the changes in the amount of net savings of domestic workers as an output of the projection exercise.

80. Computationally this scenario was built by deducting half of the average total annual medical expenses of the workers from the overall expenditure framework and adding back USD 24 as contribution that would be required to be made by the workers to the NSSF (Table 9).

Table 9: Social Protection Impact Scenarios on coverage of medical expenses

Scenarios: extent of benefit obtained	Annual Net Savings in 2017 (USD)	Levelled Monthly Net Savings in 2017 (USD)
If not covered	1,196	100
If partial (50%) medical expenses were covered	1,374	115

Source: DEFT Survey Analysis

81. Poor people working in the informal economy are vulnerable to unpredictable health treatment expenses as majority do not have any health protection mechanism to fall upon. The analysis clearly shows that respondents with high annual medical expenses would be able to save more if they become beneficiaries of NSSF's social protection schemes. It may be noted that social health protection coverage would benefit all, including those with low medical treatment expenses today but may be required to spend large amounts on healthcare should the need arise in future.

D. CONCLUDING REMARKS

82. According to rough estimates, there are more than 240,000 domestic workers in Cambodia, majority of whom were women²⁵. A large section of these women have migrated from rural to

²⁵ The Cambodia Daily, 2014 (June 17). *Domestic Workers March on Ministry*. Available at <https://www.cambodiadaily.com/archives/domestic-workers-march-on-ministry-61588/>
UN Women, 2015. *Out From Closed Doors: A Study on Domestic Workers in Cambodia*

urban areas like Phnom Penh in search of livelihood opportunities. The labour law of 1997 explicitly excludes domestic workers from within its purview and Cambodia is yet to ratify ILO Convention 189. Thus the position of domestic workers in the labour market is fragile; they are subjected to harassment and deprived from employment benefits as they are not protected by legislation. In our survey, a reasonably large number of respondents (41%) reported harassment at workplace.

83. Varied employment arrangements within the occupation, lack of written agreements, high job insecurity, no minimum wage floor, creates an environment of uncertainty around the occupation. Little savings coupled with low education level of domestic workers with no alternative vocational skills and training further dampens employment prospects elsewhere which leaves domestic workers extremely vulnerable and on the edge of slipping into poverty. Hence provision of social security coverage through NSSF's essential health care and occupational health schemes could be an effective in maintaining a basic quality of life for domestic workers.

84. The process of employing domestic workers predominantly runs through informal channels. Majority (73%) of the respondents was sourced into their present employed through referrals from friends and relatives. About 14% got the job on their own by directly approaching concerned households. As all the respondents interviewed were members of Domestic Workers' Association, this shows the limited role the associations play in the recruitment process.

85. According to the survey findings, only 57% of respondents reported that they were willing to pay the monthly minimum amount of KHR 6,800 for availing NSSF benefits. Only a very small proportion (2%) of the respondents actually fitted all the criteria set out by NSSF for registration under its schemes. Thus some adjustments would need to be made by NSSF to extend social insurance coverage to this segment of the labour market. One such possibility could be to allow any domestic workers willing to pay more than KHR 6,800 to join the EII and SHI schemes through their association by flexibly choosing their 'assumed wage' level as prescribed by the NSSF.

86. It is observed that respondents with high annual medical expenditures would be able to save more if they become beneficiaries of NSSF social protection schemes.

87. The process of registration of workers with the NSSF and maintaining them as active beneficiaries in the longer term involves reasonable amount of paper work, making regular contribution through Banks and completing claim documentation (whenever needed) which requires some level of education. However, the general education level of domestic workers was found to be low, 83% did not complete secondary school. With such levels of education, and in the absence of any employer, the domestic workers would not have the requisite capacity to engage with a public institution such as the NSSF directly. Hence, a Labour Market Intermediary (LMI) such as a workers' association, would be required to extend NSSF's coverage to this section of the workforce and continue maintaining them under its aegis.