

Cambodia

Despite **impressive poverty reduction and gains in human development** linked to economic development and better public service delivery, inequalities remain in Cambodia and are even increasing. Broader measures of deprivation have fallen much less quickly than income poverty. There are fewer poor, but more vulnerable people and economically insecure households. According to the World Bank country poverty analysis those living above the national poverty line (USD 1.15 per day) but below double the national poverty line (USD 2.30 per day) increased from 4.6 million in 2004 to 8.1 million in 2011 (or 57% of the population).

Cambodia's current **social protection system is at an early stage of development**. A rapid expansion of social insurance coverage is required to protect the gains in poverty reduction and prepare for the ageing of the population. Civil servants enjoy a comprehensive benefit package financed through the state budget. Private sector employees receive only a limited benefit package including work injury insurance, maternity benefits and most recently health insurance through the **National Social Security Fund (NSSF)**. Workers in the informal economy, representing 90 per cent of the labour force, have no protection for the most part. A minority however benefits from provisions provided by non-State actors such as NGOs. This includes Health Equity Funds (HEF); Community-based Health Insurance (CBHI); school feeding and scholarships; food-for-work and cash-for-work; and maternal, child health, and nutrition programmes.

Recent years were marked by significant policy strides such as the launch of the national health insurance in 2016, including maternity and sickness benefits, and the commitment for the launch of a non-contributory child and maternity cash transfer (for the first time with domestic funding) and a contributory pension for private sector workers both in 2019. Health Equity Funds were also expanded and the government is gradually assuming its funding responsibility.

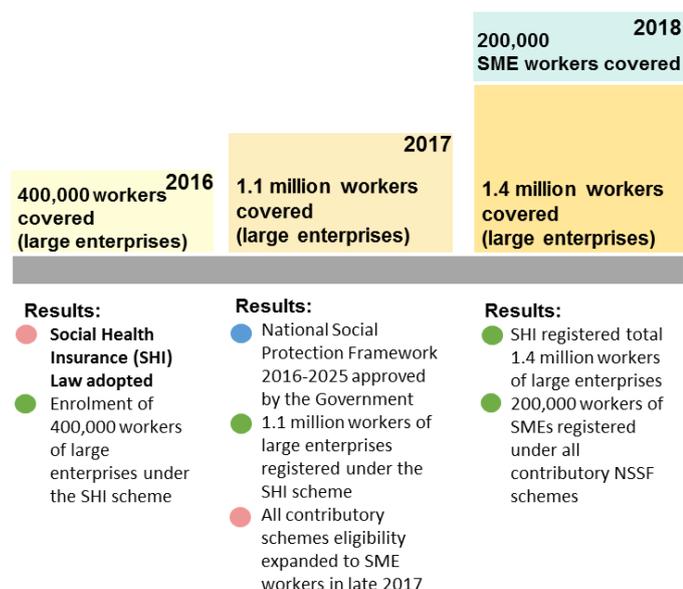
Category	Type and value of transfer	Coverage
 Health Care	Insurance benefit; a proposed contribution of 50% from employees and 50% from employers	200,000 workers from Small & Medium sized enterprises (SMEs)
 Sickness	A contribution rate of 2.4% of insurable earning for medical care and 1.4% for sickness cash benefits and maternity cash benefits	1.4 million workers of large enterprises
 Maternity		
 Work Injury		

Population (million)	16.2	2018
GDP per capita (USD)	1389.6	2017
GDP growth, real (%)	6.8	2017
Inflation (%)	2.5	2018
Poverty rate (%)	13.5	2014
Average monthly wage (USD)	121	2013
Public expenditure on social protection as % of GDP	0.8	2015
Proportion of persons with disabilities receiving benefits (%)	0.7	2017
Proportion of older persons receiving a pension (%)	3.2	2017

Previous achievements

The ILO supports Cambodia through a three step approach

- **Step 1: Strategy Development**
National strategies are adopted through social dialogue with relevant stakeholders
- **Step 2: Design**
Technical advisory services and capacity development are provided to design and reform social protection schemes
- **Step 3: Operations**
Training, systems development, and actuarial valuations are provided to improve delivery and governance.



Current projects & expected outcomes

In addition to the following projects, Cambodia has been chosen as a recipient country for the Joint SDG Fund, a UN Fund create to identify the most innovative and sustainable integrated policy solutions. The project will focus on fast tracking gains in the areas of social protection, with the official announcement expected shortly.

The promotion of synergies between the supports provided to social assistance programmes and the Public Financial Management Reform Programme.

Time frame: January 2020 – December 2022

Partners: UNICEF

Budget: 1.6 million EURO

Supported by the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO)

The project seeks to improve the capacity of the government of Cambodia to monitor and implement efficient and effective social protection programs, building on the evidence of the positive impact of cash transfers on the socio-economic resilience of vulnerable populations. The project will use this evidence to influence the increase of domestic budget allocations for social protection programmes in the context of performance informed budgeting.

Main outputs

- Develop a monitoring and evaluation system for the social protection system
- Establish a consistent mechanism for the compilation of revenues and expenditures of the social protection system and social assistance budgeting forecasting model is put in place
- Capacity of central and sub-national administration (SNA) in delivery of social protection programmes is increased

Supporting the Implementation of Sustainable Social Protection Floors for the Workers and their Families in ASEAN

Time frame: April 2018 – December 2020

Budget: \$500,000

Supported by the Government of Korea

In Cambodia, the launch of the National Social Protection Policy Framework (NSPPF) constitutes an important step towards the development of a comprehensive social protection system. For instance, the launch of Health Insurance creates new technical challenges for the National Social Security Fund. The ongoing discussion on the launch of a pension scheme and the extension of the coverage of existing schemes to workers in informal relations of employment will hopefully add to the complexity of the system. The ILO/Korea Project, which is recognized by national and international partners as a key technical assistance provider, will focus its support in elements of implementation of the NSPPF.

Main outputs

- Capacity of national stakeholders from different sectors in the area of social protection, including social partners, is enhanced to ensure an effective, efficient, accountable and sustainable implementation of gender responsive social protection
- National schemes are revised to promote the extension of coverage to uncovered women and men, particularly in non-standard forms of work, taking into account good experiences from the region, including from the Republic of Korea;

Strengthen the capacity of the Cambodian government to formulate, implement, monitor and evaluate national social security schemes.

Time frame: December 2018 – November 2020

Budget: \$600,000 USD

Supported by the United Nations Department of Economic and Social Affairs

The project will combine a varied set of interventions which will include technical advisory missions from international experts (working in collaboration with national consultants); the organization of training events; the development of technical reports for the government and study tours that will allow Cambodian officials to learn from the experience of other countries in the region.

Main outputs:

- Increased capacity of the national entities responsible for social protection in Cambodia to formulate and implement social security schemes.
- Increased regional and global awareness on the vital important role of governance in extending the coverage of social protection.

A national social protection floor for Cambodia

The ILO has developed the [Social Protection Floors Cost Calculator](#). With this tool, it is possible to quickly calculate the costs of non-contributory social assistance benefits for specified populations. Moreover, it allows us to model different scenarios with regard to the types of benefits that are included and the level of benefit amounts. It does not include social insurance, which is financed by employers and workers contributions, and delivers higher benefits. The table below provides cost estimates for two different scenarios (excluding health).

		Scenario 1		Scenario 2	
Children	Benefit to all children less than 5 years old, 25 per cent of the poverty line	0.99	Benefit to all children less than 15 years old, 25 per cent of the poverty line	2.76	
Orphans	Benefit to all orphans, 100 per cent of poverty line	0.01	Benefit to all orphans, 100 per cent of poverty line	0.01	
Maternity	Benefit during 4 months to all mothers with newborns, 100 per cent of poverty line	0.28	Benefit during 4 months to all mothers with newborns, 100 per cent of poverty line	0.28	
Persons with disabilities	Benefit to all persons with severe disabilities, 100 per cent of poverty line	0.73	Benefit to all persons with severe disabilities, 100 per cent of poverty line	0.73	
Unemployed	No unemployment support	0.00	Unemployment support to one person per vulnerable household during 100 days, 100 per cent of poverty line	0.81	
Older persons	Benefit to all persons aged 65 or above, 100 per cent of poverty line	1.44	Benefit to all persons aged 65 or above, 100 per cent of poverty line	1.44	
Total (as per cent of GDP)		3.45		6.03	

According to [ADB's Social Protection Indicator Database](#), Cambodia spent 0.8 per cent of its GDP on social protection in 2015. Even if we assume that all current social protection expenditure is directed towards elements of a social protection floor, the funding gap is 2.65 per cent in the first scenario. If only the share of social protection expenditure is taken account that is directed towards people living in poverty (27.3 per cent of total social protection expenditure in 2015), the gap is 3.2 per cent of GDP in the first scenario and 5.8 per cent in the second scenario.

[Costing estimates for 57 lower income countries](#) (in line with the assumptions for scenario 1) show that the cost of universal benefits for 364 million children, 81 million pregnant women, 103 million persons with severe disabilities and 153 million older persons ranges from 0.3 per cent of GDP for Mongolia to 9.8 per cent of GDP for Sierra Leone – with an average cost of 4.2 per cent of GDP in 57 lower income countries.

Human security and disaster risk management¹

Cambodia is considered one of the most vulnerable countries in the world to the effects of climate change, and is likely to experience an increase in temperatures, longer droughts, more frequent tropical storms and, above all, floods.

Cambodia is already experiencing more flooding in its wet season and longer droughts in the dry season, both of which threaten the livelihoods of 80 per cent of Cambodia's population who rely mostly on subsistence crop production. In 2016, the country experienced a severe drought declared as the "country's worst disaster in 100 years", and in 2018 wide-scale floods affected more than 100,000 families

To build resilience and protect its economic and social gains from climate-induced disasters, the country is currently trying to strengthen its disaster risk management system involving all relevant ministries and related sectors in the national strategy development process (see Strategic National

¹ General reference: Sendai Framework for Disaster Risk Reduction 2015-2030 UNISDR

Action Plan for Disaster Risk Reduction 2019 – 2023). Nevertheless, the system still requires major attention, from data collection and analyses (prevention) up to response mechanisms and recovery.

For example, flood insurance is a topic of close scrutiny in Cambodia, involving public and private actors, but no readily implementable options have been formulated to date (lack of accurate data to assess risks probability).