Skill Workers, Driver for Future Cambodia’s Economic Growth

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I. Introduction

• From 1999 to 2009, Cambodia’s annual economic growth has been an impressive 9% on average.

• However, Cambodia is very vulnerable to external shocks, more so than internal ones, with GDP growth 0.1% in 2009 compared to 10.2% in 2007, because of global financial crisis.

• Fortunately, Cambodia recovered fast from the crisis.

• ADB has predicted that Cambodia’s GDP could grow up to 7.2% and 7.4% in 2013 and 2014 respectively.

• Last year in 2012, Cambodia’s population was 14.7 million, with 8.8 million in the labour force, in the 15 to 64 years age bracket.
I. Introduction (contd.)

• By the end of this year, Cambodia could be classified as a lower-middle-income economy.
• However, the main challenge is on how to maintain the high growth rate.
• Cambodia’s economy is dependent on four main sectors: agriculture, tourism, construction and garment manufacturing.
Agriculture

Tourism

Construction

Garment
I. Introduction (contd.)

• Most of the industries in Cambodia are labour intensive, eg garment industry, because of comparatively cheap labour; due to the wage increase in Vietnam and China, some factories have moved to Cambodia.

• The important question is: If the wages in Cambodia gradually increase in Cambodia, will these factories move to Myanmar or cheaper places?

• With a small market and small population, labour intensive industries may not sustain Cambodia’s economic growth in the long run.
What can we do to maintain high growth rate so that we will not be trapped in a middle-income status?
Quick Answers

- Economic diversification
- Technology Adoption and Innovation – gradually moving from labour intensive industries to capital, high-tech or innovation-led industries.
- Sustainable Development

First and foremost, Cambodia needs a large pool of qualified skill workers.
II. Skills Challenge

• With abundance of unskilled labour, comparatively low wages and labour costs, Cambodia is attracting low-skilled and labor-intensive industries, undermining its long-term growth strategy.

• Low-skilled and labor-intensive production has expanded, with clothing and apparel accounting for 88 percent of the country’s exports.
II. Skills Challenge (contd.)

- The above trend, together with Cambodia’s low human resource base, is making it difficult for the country to transition from low-tech agriculture, agribusinesses, light manufacturing, and tourism to the adoption of more advanced technology-based industries.

- *This, in turn, discourages investment in skills*
II. Skills Challenge (contd.)

• Employers point to a structural imbalance in skills supply, including a relative shortage of vocational training graduates compared to university graduates, and a big shortage of graduates “with the right skills”.

• Due to the lack of a comprehensive labour market information system (LMIS), there is no accurate data on jobs availability and supply.

• Therefore, skill shortages and skill mismatches are the main challenges impeding growth in the country.
II. Skills Challenge (contd.)

HRINC 2011 Survey:

- over 70% of employers reported major shortage in management skills, 36% in middle management and supervisor skills, and 34% in professional staff skills.

- 73% of employers reported that university graduates do not have the right skills (while only 12 percent said that there are not enough university graduates).

- 62% of employers noted that vocational training graduates do not have the right skills (while 38% suggested that there are too few vocational training graduates).

- Employers report difficulties in finding specific vocational and occupational skills. World Bank Report, 2010, states that foreign languages, IT, sewing, plumbing, carpentry, and blacksmithing are all skills that are in high demand but difficult to find.
II. Skills Challenge (contd.)

- Occupations by education among 20-29 years old, 2009

Source: Cambodia Socio-Economics Survey (CSES) 2009
What are the skills that young people need?

- Foundation Skills
- Soft Skills
- Technical & Vocation Skills

UNESCO Global Monitoring Report 2012
III. Current TVET Status

Applying a ‘Transformative Lens’

Vision:
“Skills for all for lifelong employability and regional competitiveness”
## III. Current TVET Status *(Contd.)*

Cambodia Qualifications Framework (CQF)

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<th>TVET System</th>
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<td>Vocational Training Certificate (non-formal)</td>
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III. Current TVET Status (Contd.)

- 38 Public TVET Institutions in all 24 provinces/Capital,
- Upgraded 5 of them into RTCs (Battambang, Siem Reap, Kampot, Takeo and Svay Rieng)
- Formal (focusing on level 2, 3, & 4) and Non-formal training
- Developed TVET Skill Standards: Currently focus on 3 Priority Sectors (construction, Mechanic, and ICT/Business) for level 2, 3 & 4
- TVET Teacher Training
- LMIS and TVETMIS
- M&E and Q-A
- TVET baseline survey (report available)
- TVET Future Direction and TVET financing sources (report available)
III. Current TVET Status (Contd.)

Number of TVET graduates from 2009-2012

* There were approximately 540,000 TVET graduates from 2009-2012.
IV. Future TVET Development

Vision: “Skills for all for lifelong employability and regional competitiveness”

2 Track Policies

- Development Pathway
  - Consolidating & Embedding
  - Improving productivity

- Accelerated Pathway
  - Innovating & Modelling
  - Achieving accelerated success

Steady and systematic development over a long period of time. These actions at best, are designed to ‘catch up with the developed economies.

Accelerated development over a 5 year period designed to ‘leap frog’ many of the usual development steps. Actions will produce leaders, models and best-practice examples. Investment is confined to pilots which may have capacity to be replicated.
IV. Future TVET Development (Contd.)

TVET Development Framework for Sustainability

- **Stakeholder Engagement**
  - Goal: To network industry, government, providers, community & partners to improve the relevance of TVET

- **Workforce Development**
  - Goal: To build the right skills, in the right people in the right number at the right time

- **Marketing & Communication**
  - Goal: To improve attractiveness of TVET as a pathway to productive, lifelong employment in formal and informal economy

- **Resourcing & Financing**
  - Goal: To attract financial resources to enhance the capability and capacity to support quality TVET system

- **Infrastructure**
  - Goal: To access appropriate facilities, ICT and equipment in a regionally integrated TVET system

Policy, Regulation, Governance
Strengthen TVET system by focusing to achieve three main outputs:

1. Expand access to TVET
2. Improve quality and relevance to TVET System
3. Improve TVET governance and management [including restructure DGTVET, and develop relevant TVET Policy(ies) and guideline(s)]
IV. Future TVET Development (Contd.)

• 5 key TVET sectors are to be developed in medium term because these sectors are to be the backbone of Cambodia’s economy
V. Conclusion

• To sustain Cambodia’s economic growth in the long run, we need to transition from labour intensive industries to high-tech or innovation-led industries. Therefore, we need to have abundance of skilled workers.

• Cambodia has difficulty in attracting people to TVET because technical jobs are still perceived to be as low-paid or low-status jobs.
V. Conclusion *(contd.)*

- Therefore, our main task is to change the perception of people and to improve the quality, governance and management of TVET.

- In addition, more access should be given to those people who want to enter TVET pathway.
THANK YOU