

SOCIAL PROTECTION FOR **INFORMAL** WORKERS

(SP-IW)



PROJECT BRIEF

CAMBODIA



01

The construction industry has become the most dynamic engine of growth in Cambodia.

As a labor-intensive industry, it is providing landless and unskilled workers with an important entry point into the labour market. However, construction workers are amongst the most vulnerable to ill health and poverty in case of maternity, disease, unemployment, disability, or old age. In particular, the construction sector is associated with a disproportionately high share of serious work-related accidents and fatalities: the ILO estimates that one in five fatal accidents at work happen on a construction site.



SOCIAL PROTECTION CONSISTS of policies and programs designed to reduce poverty and vulnerability by diminishing people's exposure to risks, enhancing their capacity to protect against hazards and interruption/loss of income, and promoting the resilience of workers and their families to risks and adverse shocks, notably by promoting efficient and well regulated labour markets, and accessible basic social and health services.

The Ministry of Labour and Vocational Training (MoLVT) has thus requested the ILO for support in extending the benefits of the National Social Security Fund (NSSF) to this sector; starting with the Employment Injury insurance - active in the country since 2008 - and building on that to expand to other branches such as the new social health insurance, maternity and sick leave benefits.

HOW DOES THE EII WORK?

The insurance covers workplace accidents and work-related diseases, including road accidents during the daily commute. The EII is an employer liability under the 1997 Labour Law, so employers pay 0.8% of a worker's monthly wage. The insurance includes the following benefits:

- I. Medical care
- II. Nursing cash allowance
- III. Temporary disability cash benefit
- IV. Funeral cash benefit
- V. Permanent disability cash benefit and caretaker benefit
- VI. Survivor cash pension
- VII. In-kind rehabilitation benefit

02 Project Objective and Strategy

The NSSF currently covers 1.1 million workers, or 14% of all persons employed in Cambodia. Expansion of coverage remains limited due to the informal nature of the labour market. Existing mechanisms have been developed on a "formal employment" model, with predictable monthly earnings and a stable and clear employment relationships. However, there is a wide diversity of employment arrangements in the informal economy – wage employees, self-employed, casual workers and household employees – and across industries. Thus, any expansion of coverage

demands new approaches that are tailored to the realities within and across these groups. The SP-IW project will begin by developing in-depth understanding of the construction sector and later expand to workers in the tourism sector.

THE PROJECT IS EXPECTED TO:

- I. Deepen the understanding about the implications of different employment arrangements and income patterns on social protection coverage.
- II. Support evidence-based design of scalable coverage mechanisms.
- III. Demonstrate the benefits of a practical gradual approach to expansion.
- IV. Promote a government-led approach to deliver social security to informal economy workers.

03 Implementation Approach

TASK 1: Generate evidence-based knowledge on the needs for social protection in the construction industry in Cambodia and make recommendations on major social protection options.

Phase 1: Baseline research on the construction market system

The construction sector as a whole is not a homogeneous group. The differences can be of particular importance when it comes to accessing statutory benefits.

The research will borrow from the methodology employed to carry out value chain research and analysis with a particular focus on improving working conditions.

Phase I will also involve intensive work to build capacity of workers' and employers' representatives so that they might engage in tripartite consultations effectively.

Value chains are part of wider market systems which include a number of actors providing 'supporting functions' to businesses in the core value chain, as well as actors who set and enforce 'rules' about how value chain actors operate. Other key components of the market system are the 'rules of the game', which govern the way that actors in the value chain operate. These include labour legislation, regulations at all levels of government, quality standards and government policies and the degree to which these are enforced.



Phase 2: Assessment of social protection needs and risks

Phase 2 will seek to generate evidence-based knowledge of the needs among workers and employers, identifying the specific patterns of deficits and vulnerabilities. Social risks will be assessed by type of occupation and employment relationship along the value chain and across the formal and informal economies. The aim is to gain a deeper understanding of the underlying factors – including incentives and capacities – that have led to current conditions of high vulnerability and low social security coverage.

TASK 2: Assess the feasibility of tools and instruments to extend social protection coverage to vulnerable workers in the sector.

Phase 3: Practical options for the expansion of coverage

By identifying gaps in operational, administrative and legal provisions and comparing them to the dynamics of the sector, specific recommendations will be made on how to deal with collecting contributions from workers with uncertain, low and variable income.

TASK 3: Facilitate consultations, social dialogue and capacity building of constituents.

This will ensure decision-making is inclusive and reflects the needs and views of beneficiaries, financiers and administrators of the system in the long run.

04 ILO Expertise

The ILO has a particular role within the UN system in the sphere of social protection, notably as leader of the UN initiative on the Social Protection Floor and through its unique tripartite constituency. The ILO has also been a key partner to government in the establishment of the NSSF over the last decade, but also in the ongoing policy developments.

05 Contacts

Betina Ramirez Lopez, Project Coordinator

✉ ramirezlopez@ilo.org

Malika Ok, National Project Officer

✉ malika@ilo.org

Nuno Cunha, Senior Social Protection Specialist

✉ cunhan@ilo.org

Project duration and timeline:

The project launched in July of 2018 and will have a total duration of 18 months

06 Financing

This project is financed through the EU Social Protection Systems Programme (EU-SPS), which supports low- and middle-income partner country governments and national expert institutions in their efforts to develop inclusive and sustainable social protection systems. The EU-SPS Programme is an EU Action co-financed by the European Commission, the OECD and the Government of Finland.



Project brief

**SOCIAL PROTECTION FOR
INFORMAL WORKERS** (SP-W)

