

## **Keynote Address at the Closing of the 2010 Stocktaking and 2011 Direction Setting Conference of the Ministry of Labor and Vocational Training**

Phnom Penh, March 23, 2011

*Excellencies, ladies and gentlemen,  
Dear all the participants!*

Today, it is my honor and pleasure to be here in the **Closing of the 2010 Stocktaking and 2011 Direction Setting Conference** which has been organized over the last two days by the Ministry of Labor and Vocational Training. This event is an opportunity for all of us to review current progress so that we can learn and discuss together, exchange experiences, identify challenging issues and lay down new measures and targets for the upcoming years. In this spirit, I give my strong support and encouragement to the management and all officials of the Ministry of Labor and Vocational Training to work harder for more achievements in public service delivery, which is a significant contribution to growth, socio-economic development and poverty reduction.

I would like to take this opportunity to thank related ministries – institutions, the private sector, national and international organizations, and development partners, especially ILO for the close and fruitful partnership in labor and vocational training sector development. Along with this, I also praise the management and all level of officials of the Ministry of Labor and Vocational Training for the concerted effort in realizing the national development strategies.

Along with this, I am pleased to note strong contribution from the private sector, development partners and national/international organizations in promoting the vocational training sector as well as growth and socio-economic development. In this sense, we must further explore all means and methodologies and mobilize development partners and the private sector that can complement the more important role of vocational trainings.

In general, the government clearly understands that human resource development is the core of socio-economic development and regards it as a priority area in the Rectangular Strategy Phase II. The Royal Government must continue to implement market-based vocational training policy by closely cooperating with all stakeholders to focus on four policy measures including: (1). Providing basic vocational training to rural dwellers to increase incomes, (2). Providing vocational training to factory workers with cooperation from their employers, (3). Continuing to expand the geographical coverage of this service and incorporate entrepreneurship skill into the program, and (4). Establishing the national employment agency and provincial/municipal employment centers to facilitation job advertisement. In connection to the four measures mentioned above, I note that the Ministry has done exceptional job. Looking ahead, the Royal Government will regard employment and vocational training sector as the main managing and protecting mechanisms of labor. As a result, these works correctly respond to capacity development among the youths so that they will become more skillful and professionally capable for domestic and overseas labor markets.

Currently, Cambodia's labor force (people aged between 15 and 64) amounts to 7.4 million and at the beginning of each year, around 200,000 people enter into the labor market. This is one of our comparative advantages. This also requires a clear planning for vocational training to avoid migration from rural to urban areas in order to find jobs in the service and industry sectors. Among the challenges, we must continue to strengthen the private sector, promote SMEs and attract new investments to create more jobs and ensure good working atmosphere for all workers. To support this task, the Royal Government has already implemented a number of policy packages to support the private sector, in particular and in general, such as garment factories. The assistance includes the deferment of income withholding tax payment up to two more years till 2012 and the contribution of 0.3% out of 0.8% for the payment of job insurance for two years, 2009 and 2010. Moreover, 40,140 laid off and unemployed work force have received vocational training supported by my special fund called "**Samdech Techo Prime Minister Special Fund**" and we have given approval to this fund to operate for three more years from 2011 – 2013. At the same time, we have also established and started the operation of a self-employment generation fund, managed by the National Committee of Training, in order to provide microfinance to trainees who have been trained, and examined to have adequate capacity for the management of their own employments.

Furthermore, we have also allowed workers to go to work overseas through private companies that have received licenses from the Ministry of Labor and Vocational Training. Now we have cooperation with the Republic of Korea on this, sending workers through the "**Employment Permit System**" in order to make sending workers to overseas more effective and safe because this system is managed by the state. In the past through this mechanism, we are proud of our compatriots who have gone to work legally abroad and brought back lots of incomes to their families in the home country, on average 180 million dollars a year; and when coming back to Cambodia they also brought along new skills that they have received from practical work in overseas. In parallel, I would like to appeal to all Cambodians, in particular youths, not to believe hoax of bad people finding jobs outside the country illegally because this kind of act is susceptible to all kinds of risks.

With this goal, the Royal Government is implementing a comprehensive reform of public administration including retiring people reaching the retired age and substituting with officials next in line who have been trained and have in-depth knowledge and know-how in order to ensure efficiency and effectiveness of public services.

In the aim to solve the issues sustainably and long lasting, Cambodia needs to modernize its economy, which is the "*Promotion the Development of Industry Sector*". In this regard, we will promote industry sector and ongoing and new services because this sector is a foundation for the long-term development and rapid progress. Besides, we will continue promoting the development of handiwork, agro-industry and agro-business sectors in the medium term ahead because these sectors will support the growth of other sectors such as agriculture, garments, and tourism sectors that are important inputs of Gross Domestic Product. In parallel to this goal, we have to configure the labor force properly in order to ensure they possess capacity, talents and hard-working attitudes and patience that are must-have factors

for production. Our joint efforts on all these tasks not only ensure the growth of national productivity but also maintain safety and social order as well.

In this spirit, the Ministry of Labor and Vocational Training together with relevant ministries and institutions need to work hard continuing maintaining the harmony on vocational relations, and minimizing work disputes from now on. At the same time, we need to ensure the health of the workers and employees through the promotion of safety condition inspections and hygiene at workplace by having aid-kit boxes or nurses at the factories and enterprises. With this, the Royal Government will continue promoting the draft of legislations on enterprises, and then submit them to the legislative branch for adoption at the end of this 2011 in order to promote vocational relations sector effectively.

Moreover, we have also begun the implementation of social safety net system for the workers and employees in private sector, which is a new turning of history of social safety in Cambodia that ostensibly shows the concern of the Royal of Government on workers and employees in the private sector. Because this is new work for Cambodia, and in order to avoid the burden of the financial crisis context, and parallel with the beginning of the implementation of social safety net system for the first time in 2008 we have prepared the operation of this system through three major steps: (1) implement work risks insurance, (2) health insurance, (3) pension. Based on the experience of the implementation of the first step in the past two years, this system has been well-received by companies, factories, enterprises and has provided insurances to workers and employees of about 10, 000 people. The Royal Government clearly understands that certainly the implementation of social safety net system contributes significantly to promoting work productivity through the provision of warmness and confidence of employees on jobs in private sector. This can eliminate the stereotype thinking that only government jobs get protection, in particular receiving pensions. Through this, the Royal Government will work hard preparing the implementation the remaining steps, making sure they are in line with the practical socio-economic situation.

I believe that, the two days conference has fruitfully discussed, evaluated and developed action plans, measures and targeted objectives to be achieved in 2011 and in the future. In this regards, I would like to take this opportunity to put up some more practical recommendations for the management and officials of the Ministry of Labor and Vocational Training to consider for further implementation, aiming at improving development of this sector to actively contribute to economic growth, in particular employment generation and professional training. The recommendations are as the followings:

**First**, continue to pay attention to the improvement of professional training program which can be linked to the job market requirement in order to be effective, attractive, publically recognizable, and parallel to the government vision to upgrade Cambodia's economy. Moreover, the ministry should continue to implement focus-growth strategy, improving comparative advantage, and diversifying skills, professions and business activities to catch up market mechanism evolution, which would enable us to sustain economic development and capture as much benefit as from economic growth.

I also believe that agricultural development, which is dynamic force in the world market and that Cambodia has advantage in this sector due to its endowment of land and about 80 percent depending on agriculture, has provided opportunity for Cambodia to rapidly increase income for its people and higher value added in the short and medium term.

Within this strategy, we has offered opportunity to our farmers, rice millers and exported companies through rice production and export promotion policy, which is able to create a good model for other crops and agri-business development in Cambodia. At the same time, the ministry should continue to improve professional training program for industrial development in the medium and long term, including engineering, construction, service, and information and communication technology. In this regards, the Ministry of Labor and Professional Training has to pay higher attention to as such skills, aiming at supporting our development policy.

**Second**, improve the quality of professional and skill training program, aiming at increasing job opportunity, productivity and higher income generation for our citizens. In the future, the ministry should create vocational training program to offer to vulnerable group, youth, and poor women, creating a room for them to be able to open their own business and have more opportunity to get employment, which would reduce their vulnerability and maximize their participation in productivity and enhance their social welfare.

**Third**, strengthen the principle of equitable training provision and make further effort to enhance social safety net, focusing on women, vulnerable group, poor youth, dropped class students, demobilized soldiers, retired civil servant, disable and handicapped person, dead militant family, and vagrant to improve their living standard and effectively and actively support public welfare.

**Fourth**, Ensure participation of the private sector on professional training program since many companies have pledge with the government. Within this, the Ministry of Labor and Vocational Training and relevant ministries have to cooperate with private sector to create training program which respond to the company requirement, utilizing fund given by the company. For instance, when an animal feed producer invests in a particular location and provides training to their own staff, we can avoid sending our citizens from other part of the country by just allowing the company to recruit people on the spot. If the recruitment process is able to implement, scale of training program will be intensified and can be guaranteed that more people will get different training program, enabling us to diversify our worker skills.

**Fifth**, make continued efforts to finalize the union law in cooperation with related ministries/institutions, international labor organizations at the end of 2011. Moreover, the ministry has to strengthen law enforcement to guarantee peace in production process and service to comply with the rights and benefits of employees.

**Sixth**, make further effort to solve wage conflict for workers, utilizing the mechanism of labor consulting committee. At the same time, the ministry should strengthen social safety net system by creating health insurance and pension scheme to guarantee that our workers have income security in the present and the future.

In this regards, as public service provider, I think that my proposal would suit and contribute to the benefit to our nation and people. I strongly believe that the conference will consider my recommendations as important points, which would be included in your action plan for implementation in 2011.

In this regards, I would like to appeal to Excellencies, ladies, gentlemen and all participants to actively implement your proposed action plan and share information, knowledge and experience with your colleagues to achieve further achievement in compliance with the development of our vocational training.

Last but not least, I would like to express, once again, my appreciation to the management and all level of civil servant of the Ministry of Labor and Vocational Training for your strong effort to implement the assigned tasks and responsibilities with high moral responsibility as public service provider. I also would like to appreciate the private sector, development partner, local and international organization to support and promote labor and vocational training to move forward in Cambodia.

In conclusion, together with the closing of the **2010 Stocktaking Conference and 2011 Direction Setting of the Ministry of Labor and Vocational Training** now , I would like to wish Excellencies, ladies, gentlemen, all civil servants of the Ministry of Labor and Vocational Training and participants the four gens of Buddhist blessing: ***Longevity, Nobility, Health and Strength.***