

The Impact of COVID-19 on Cambodian Economy and the ILO's Response

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INTRODUCTION

The rapid spread of COVID-19 has caused various problems and changes in our society. People are required to wear face masks when they go out and keep social distancing. There are temperature check points everywhere, and many countries are still restricting the immigration of foreigners to prevent entry of infected visitors. While those preventative measures are necessary, they are negatively affecting the Cambodian economy in various dimensions.

The Cambodian economy heavily relies on tourism, garment, manufacturing and construction, which embed around 40 percent of paid employment and comprise 70 percent of the country's GDP (World Bank, 2020). The tourism sector is one of the most severely affected industries as overseas tourists have stopped due to the border closure. Many restaurants and hotels have had to shut down, and surviving businesses are struggling to pay maintenance costs. However, the travel industry is now in gradual recovery. The Ministry of Tourism (MoT), Government of Cambodia reported that 1.44 million domestic tourists and 14,148 foreign tourists had travelled during the Khmer New Year Holiday (The Cambodia Daily, 2020), and the country is discussing the possibility to accept foreign tourists from the "travel bubble" with other ASEAN countries (The World Tourism Organization [UNWTO], 2020).

The garment and manufacturing industries are other industries affected by COVID-19. The ILO states that 324 factories have had to suspend operations from 14 February to 9 June, which has affected 193,924 factory workers in Cambodia (International Labour Organization [ILO], 2020). The garment industry was originally expected to experience some downturn in 2020 due to the EU's new sanction under "Everything but Arms (EBA)", preferential duty-free treatment. The COVID-19 crisis accelerated this downturn by disrupting global supply-chains and increasing factories' costs to secure occupational safety and healthcare for employees.

Given these observations, it is clear that the COVID-19 pandemic had significant impact on Cambodian economy. It affected workers' employment, companies'

operation and the country's GDP. However, people and society are gradually adopting to this new normal and signs of recovery are emerging. In October 2020, International Monetary Fund (IMF) updated Cambodia's real GDP projection to -2.8 percent, which is slightly better than previous projection of -2.9 percent. Cambodia is controlling well the COVID-19 infection, and thus the number of infected cases is small. If the government succeeds in keeping the infections low, Cambodia may be able to re-boost the economy in the future.

PROBLEMS THAT THE ILO IS CONCERNED WITH

The ILO is mandated to promote decent work for all workers and employers. Thus, security of employment is the primary concern of the ILO in this COVID-19 crisis. The ILO works with government ministries to collect data and propose potential solutions for their policy development and actions. Critical areas for COVID-19 response include but not limited to social protection for those who lost incomes, occupational safety and healthcare for returning workers and fair treatment for migrant workers and informal workers. To assure that these services are sufficiently delivered to all people in need, the ILO works not only with the government but also with various entities such as trade unions, employers' organizations, academic institutions, NGOs and the private sector.

IMPORTANCE OF INCLUSIVE AND SUSTAINABLE CAPACITY BUILDING IN THE COVID-19 NEW NORMAL

COVID-19 increased hardships particularly for vulnerable people, including but not limited to those who live in isolated areas, those with low literacy and those in marginalized communities. They are now being exposed to higher risks of income loss and COVID-19 infection due to lack of access to accurate information and social services. For the recovery of Cambodian economy, the ILO ENTERPRISE team believes that inclusive and sustainable capacity building is necessary. While traditional programmes were not sustainable due to high costs and capability demands, the ILO expects its' Activity-Based Learning (ABL) programmes to be an effective solution for those who suffered from COVID-19.

The ILO's Activity-Based Learning (ABL) Programme

The ABL programmes are a low-cost, peer-learning and easy-to-implement training approach to help participants develop teamwork and social skills. There are six training module packages under the ABL programme as listed in Figure 2.1.

	C-BED Community- Based Enterprise Development	SBC Small Business Competitiveness	R4B Ready For Business	Our. COOP	In Business	FIT Factory Improvement Toolset
<i>Targets</i>	Vulnerable rural communities	SMEs operating in the tourism sector	Youth	Cooperatives or those interested in starting a coop	Formal enterprises	Factories
<i>Key topics</i>	Entrepreneurship, financial literacy	Small business improvement	Entrepreneurship	How to start and improve your COOP	Soft skills, SME development	Factory improvement
<i>Key partners</i>	NGOs, ministries	NGOs, training institutions, ministries	Educational institutions, development partners	NGOs, ministries	Employers and business membership organizations	Development partners, sectorial associations, private sector

Figure 2.1: Training Module Packages under the ABL Programme

Source: ILO.

Till today, over 140 organizations in 14 countries in Asia Pacific have implemented the ABL programmes. One of the significant achievements of the ABL programmes is the Guinness World Record and led to the establishment of Cambodia Entrepreneurship Day. In 2017, the ILO worked with Cambodian Ministry of Education, Youth and Sports (MoEYS) to obtain the Guinness World Record for the largest practical business seminar in the world using the C-BED training toolkit which is one of the training toolkits under ABL programmes, focusing on entrepreneurship. The attempt was successful and MoEYS obtained the record by delivering C-BED training to 2,304 youth participants. After this event, MoEYS decided to set September 21 as Cambodia Entrepreneurship Day (CED) and hold C-BED trainings nationwide.

CED2018 was the first CED event conducted nationwide on the same day. Despite some challenges for such large-scale coordination, 3,942 participants (58 percent female) enjoyed the C-BED training and had the chance to develop and present their business ideas among peers. In 2019, the CED expanded its scale even broader to reach out to 4,685 youth participants (58 percent female) nationwide. Some newspaper and TV companies picked up this event and praised its impact. This year, the event was expected to become even broader, but the COVID-19 crisis happened. However, it enabled the ILO to shift the CED event to a new direction, the online CED event.

The online CED2020 was a one-month process, unlike the previous CEDs which were one-day or half-day gathering events. In the one month, participants worked on a self-guided preparatory worksheet on their laptops or smartphones for 30–60 minutes, joined online small group exercises for two hours, developed business ideas as the groups, and watched the livestream event on September 21, where participants listened to speeches by senior officials and youth entrepreneurs, and selected the best business ideas by online voting.

The ABL programme has undergone a long path with a number of tests and improvements to optimally deliver social skills to some hundreds of thousands of participants through the peer-learning approach. Its transformation to online training has opened a new frontier for the ABL programme to explore the possibility of reaching out to an even greater number of potential future beneficiaries.

ABL Programmes and Innovation as Keys for COVID-19 Response

The ILO expects that the ABL programmes will accelerate innovations to support all who suffered from COVID-19, including the most vulnerable communities, through their peer-to-peer learning method. A study from the UK shows that peer-learning spaces are important to nurture creativity and innovation (Winks *et al.*, 2019). There are several reasons why the ABL programme is effective in fostering innovation in those who are affected by COVID-19.

First, ABL programmes, C-BED and particularly Ready for Business Tools provide opportunity to think about starting a new business as a real career option. A number of people have lost their jobs or have become unable to earn sufficient income due to the COVID-19 crisis. These trainings give them basic knowledge for creating new businesses as well as opportunity to work with people who share the same interest. The ILO expects these participants to create new businesses and create more jobs in Cambodia.

Second, innovation through ABL programmes addresses social problems like COVID-19. The past trainings demonstrated youth's high concern on social problems. In CED events, many youth participants proposed business ideas to address social problems such as deforestation, needs for food sanitation, and environmental pollution. Today, COVID-19 is the centre of everyone's concern, and ABL can be a tool to hatch innovative ideas and solutions for the issues around COVID-19.

Third, the ABL programmes now connect people online. The innovative online methodology of the ABL programme allows people to stay connected with peers while the preventative measures for COVID-19 isolate them physically. Since the COVID-19 pandemic occurred, it become more and more difficult to meet with someone in person, particularly with those who live far or abroad. The preventative measures, such as staying home and social distancing, have isolated people, which can

cause mental problems for some people. Online C-BED is a peer-learning approach which promotes interpersonal communications through online discussion. A research from Japan shows that online workshops have positive impacts on people who isolate themselves due to psychological problems (Yokoyama *et al.*, 2019). Thus, the peer-learning method of online ABL can relieve people's stress during the COVID-19 crisis.

For the above reasons, the ILO believes that promotion of innovation and online ABL programmes lead to solutions for social and economic problems associated with COVID-19. The ILO is currently working with MoEYS, MOT and Ministry of Labour and Vocational Training (MLVT) to provide more trainings for people in need, and is looking for more partners to collaborate for the ABL programme.

CONCLUSION

In summary, COVID-19 effected a big impact on Cambodian economy. The crisis has caused unemployment in core industries, barriers for migrant workers, urgent needs of social protection for vulnerable people, and many other challenges directly linked to our daily lives. While there are a number of ways to address those challenges, the ILO's Enterprise team in Asia Pacific proposes online activity-based learning as one approach to respond to COVID-19 crisis.

The COVID-19 pandemic has changed people's lifestyle and it is expected that the crisis will last for a while. Therefore, the ILO intends to keep promoting the online ABL while carefully watching how the situations change.

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