



MINISTRY OF LABOUR AND VOCATIONAL TRAINING

Labour Market Update Report

Labour Absorption, Skills Upgrading,
and Labour Market Reintegration

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PREFACE

Cambodia's labour market is entering an important period of transformation. Continued economic expansion, industrial diversification, technological change, demographic shifts, international migration, and evolving patterns of investment are reshaping both the quantity and quality of employment. These developments create significant opportunities for Cambodian workers and enterprises, but they also require labour market policies and institutions to become more responsive, forward-looking, and firmly grounded in reliable evidence.

It is therefore my great pleasure to present the first volume of the “**Labour Market Update Report: Labour Absorption, Skills Upgrading, and Labour Market Reintegration,**” prepared by the Ministry of Labour and Vocational Training. This report provides a comprehensive assessment of recent employment developments, labour demand and absorption, skills alignment, productivity, formalization, and the reintegration of Cambodian migrant workers returning from Thailand. It also sets out the near-term labour market outlook and the policy priorities required to support a more productive, inclusive, and resilient workforce.

Despite current challenges, Cambodia continues to generate employment at a considerable scale, particularly in industry and services, while agricultural employment gradually declines. This structural transformation is creating new opportunities in manufacturing, logistics, hospitality, trade, information and communication technology, and other emerging activities. However, employment growth alone is not sufficient. Workers must also have the skillsets, labour market information, mobility, and institutional support needed to access available opportunities and progress toward more productive and secure employment.

The report highlights that skills mismatch remains an important constraint on labour market efficiency. Many workers are employed in occupations that do not fully correspond to their educational attainment, previous experience, or competencies, while employers in expanding sectors continue to face difficulties recruiting workers with the required technical and workplace skills. Addressing this challenge requires closer alignment between labour demand, technical and vocational education and training, Recognition of Prior Learning, employment services, and private-sector participation in training design and delivery.

Improving productivity and employment quality also remain at the centre of Cambodia's labour market agenda. Although progress has been made in expanding formal employment, informality remains widespread, particularly in agriculture, construction, trade, hospitality, and household-based economic activities. Formalization must therefore be pursued through practical and gradual pathways that simplify compliance, strengthen enterprise productivity, expand social protection, recognize workers' existing skills, and demonstrate clear benefits for both employers and workers.

This first volume also examines the large return of Cambodian migrant workers from Thailand following the border disruption in 2025. The domestic labour market demonstrated considerable capacity to absorb returning workers, supported by the National Employment Agency, employment, social security and vocational training forums, the 1297 Hotline, digital platforms, vocational training, and collaboration with employers. Nevertheless, the experience also revealed important challenges related to geographic mismatch, skills recognition, worker mobility, and the quality and security of reintegration. These lessons will help strengthen Cambodia's preparedness

for future labour market shocks and improve the coordination of employment, training, social security, and migration-related services.

Looking ahead, Cambodia's graduation from Least Developed Country status represents a major national achievement, but it will also require careful preparation. Changes in trade preferences, tariffs, rules of origin, technology, and international market requirements could affect workers and enterprises in labour-intensive sectors. An employment-led transition will therefore be essential—one that strengthens domestic value chains, supports enterprise upgrading and market diversification, protects vulnerable workers, and equips the workforce with the skills needed for higher-value production.

The Ministry is committed to establishing this report as a regular evidence-based publication to support policy formulation, programme design, social dialogue, and coordination among government institutions, employers, workers' organizations, development partners, training providers, and researchers. By monitoring labour market developments consistently over time, future volumes will provide an increasingly strong foundation for anticipating emerging needs, evaluating progress, and directing resources toward the sectors, occupations, provinces, and population groups requiring the greatest attention.

I would like to express my sincere appreciation to the officials, technical experts, researchers, institutions, and development partners who contributed data, analysis, guidance, and constructive comments to this report. Their collective efforts have strengthened the quality and policy relevance of this publication.

I trust that the report will serve as a valuable reference for all stakeholders working to promote decent work, workforce development, productivity, and inclusive economic transformation in Cambodia. Through strong partnership, timely evidence, and sustained investment in our people, Cambodia can build a labour market that not only creates employment at scale but also provides every worker with a fair opportunity to develop their skills, contribute productively, and improve their quality of life.

Phnom Penh, 30th July, 2026



H.E. HENG Sour

Minister of Labour and Vocational Training

Kingdom of Cambodia

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The report “*Labour Market Update Report: Labour Absorption, Skill Upgrading, and Labour Market Reintegration*” is one of the key analytical outputs of the Ministry of Labour and Vocational Training (MLVT), prepared to provide evidence-based insights into recent labour market developments, labour absorption trends, workforce upgrading, and labour market reintegration in Cambodia. It presents an overview of the changing labour market context and highlights key issues related to employment dynamics, skills alignment, labour productivity, and policy priorities.

We would like to express our sincere gratitude to **H.E. HENG Sour**, Minister of the Ministry of Labour and Vocational Training, for his leadership, guidance, and continued support in the successful preparation of this report. We are also deeply indebted to **H.E. Dr. KUOCH Somean**, Secretary of State of MLVT, for his valuable initiative, strategic direction, and technical guidance throughout the development of this report. His continued encouragement and insightful input have been instrumental in strengthening the quality and policy relevance of this publication.

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ABBREVIATIONS

ADB	Asian Development Bank
APO	Asian Productivity Organization
ARC	Arc Welding
ARIMA	Autoregressive Integrated Moving Average
CAGR	Compound Annual Growth Rate
CDC	Council for the Development of Cambodia
CSES	Cambodia Socio-Economic Survey
GDP	Gross Domestic Product
GFT	Garment, Footwear and Travel Goods
GNCMW	General Secretariat of the National Council for Minimum Wage
HR	Human Resources
I-O Table	Input-Output Table
ID	Identification
ICT	Information and Communication Technology
IMF	International Monetary Fund
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification of All Economic Activities
LDC	Least Developed Country
MEF	Ministry of Economy and Finance
MLVT	Ministry of Labour and Vocational Training
MoU	Memorandum of Understanding
NEA	National Employment Agency
NSSF	National Social Security Fund
PPP	Purchasing Power Parity
QIP	Qualified Investment Project
RGC	Royal Government of Cambodia
RPL	Recognition of Prior Learning
SDF	Skill Development Fund
SEZ	Special Economic Zone
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
UNDESA	United Nations Department of Economic and Social Affairs

EXECUTIVE SUMMARY

Cambodia's labour market entered 2026 with a positive prospect. However, it will depend heavily on the quality, efficiency, and productivity of labour market transformation for realizing medium and long-term economic growth. Macroeconomic projections by the Ministry of Economy and Finance (MEF) point to continued economic expansion, moderate inflation, and sustained demand for workers in industry and services. At the same time, the labour market is being shaped by deeper structural changes, including declining agricultural labour absorption, rising investment-linked job creation, and stronger demand in emerging industry and services sectors.

Cambodia continues to generate employment at scale while the labour market story is no longer one of post-pandemic stabilization alone; it is increasingly one of structural transformation. Total employment is projected to reach about 11.0 million in 2026 (excluding Cambodian migrants currently working abroad), up from 9.2 million in 2019, reflecting strong labour absorption over the medium term. About 800 thousand new jobs were estimated to have been created in 2025, and a further 316 thousand jobs are projected in 2026. Noticeably, nearly all net job creation is expected to come from non-agriculture sectors. Industry is projected to create around 292 thousand jobs per year during 2025–2027, while services are expected to add around 224 thousand jobs per year, more than offsetting continued labour release from agriculture. Higher-value manufacturing activities—including electronics-related production, electrical components, automobile assembly, food processing, and information and communication technology— are beginning to strengthen the composition of labour demand.

Strong investment activity reinforces the favourable labour demand outlook, although jobs remain concentrated in particular sectors and locations. The number of Qualified Investment Projects (QIP) increased from 414 in 2024 to 630 in 2025, while their potential job creation is estimated to increase from 324,624 to 438,216. With the status-quo condition, approved projects are likely to be realized in 2026 could generate a further 320,681 potential jobs. Textile, garment, footwear, and travel goods remain major sources of employment generation, while electrical equipment, furniture, food and beverage manufacturing, and other non-garment activities are becoming increasingly important. Geographically, employment opportunities are concentrated in industrial centres and growth corridors, including Kampong Speu, Phnom Penh, Kandal, Svay Rieng, and Takeo.

At the same time, Cambodia's labour market challenge is not primarily one of insufficient participation, but of improving the quality, productivity, and alignment of employment. The projected labour force structure for 2025 points to a large and expanding working-age population, with around 11.5 million people in the labour force. Yet this broad absorptive capacity coexists with substantial labour underutilization and uneven employment quality. Youth participation has weakened markedly, especially among those aged 15–19, signalling the growing importance of school-to-work transition, early-career opportunities, and better deployment of labour into productive employment.

However, labour market efficiency is increasingly constrained by skills, occupational, and geographic mismatch rather than by insufficient demand in aggregate. Skills and Job Mismatch Survey clearly finds that only 48.9 percent of workers are matched to their educational level, while 21.8 percent are underqualified and 29.3 percent are overqualified for their current occupations. This reflects a dual challenge: workers with limited education remain concentrated in low-productivity occupations, while a substantial share of better-educated workers is not fully utilizing their qualifications. These mismatches are likely to become more consequential as employment shifts toward industries requiring specialized technical competencies, workplace readiness, and stronger digital and occupational skills.

TVET reform, skills recognition, and employment services are becoming central to improving workforce alignment. The Royal Government has committed to targeting TVET access for 1.5 million youth from poor and vulnerable families, supported by reforms to vocational pathways, competency-based training, work-based learning, and industry partnerships. In 2025, total TVET enrolment increased to more than 182 thousand trainees. Recognition of Prior Learning is particularly important because it can convert experience acquired through informal or overseas employment into nationally recognized qualifications. Nevertheless, training expansion must be accompanied by stronger employer participation, improved trainer capacity, and closer alignment between programme content and actual labour demand.

Employment services have demonstrated considerable capacity to respond to large-scale labour market adjustment. Between June 2025 and June 2026, MLVT organized 617 employment, social security, and vocational-training forums and fairs across 20 provinces, attracting more than 177 thousand participants and resulting in approximately 73 thousand immediate job placements. NEA also collected information on about 515 thousand vacancies, of which 86.1 percent were in industry. The 1297 Hotline, mobile employment services, and digital platforms have further expanded access to vacancy information, registration, and matching support. These mechanisms have become essential for connecting workers in labour-supplying provinces with employment opportunities concentrated in industrial areas.

Productivity upgrading and formalization are essential if employment growth is to translate into higher incomes and more secure work. Cambodia's industrial value added per worker remains considerably below that of Thailand and Viet Nam, underlining the need for improved skills alignment, technology adoption, workplace organization, and enterprise investment in workforce development. At the same time, the estimated share of informal employment declined from 88.3 percent in 2019 to 75.1 percent in 2025. Formalization gains were particularly strong in manufacturing and several modern services, but informality remains deeply entrenched in agriculture, construction, wholesale and retail trade, accommodation and food services, and household-based activities. Labour market progress must therefore be assessed not only by the number of jobs created, but also by their productivity, security, protection, and potential for career advancement.

The return of Cambodian migrant workers from Thailand tested the country's labour market reintegration capacity on an unprecedented scale. Around 1 million workers returned following the border conflict, although subsequent movements back to Thailand left approximately 750 thousand returned migrants residing in Cambodia. By June 2026, about 650 thousand had secured employment, demonstrating substantial aggregate absorption, although informal activities continued to serve as an important labour market buffer. The episode did not create a generalized shortage of employment opportunities; rather, it exposed major frictions arising from the uneven distribution of vacancies, worker locations, and skill requirements.

Reintegration outcomes were significant but required substantial mechanism and approaches to integrate workers into the formal system. Among 650 thousand employed returnees, 360 thousand entered formal jobs while 290 thousand were absorbed into informal activities, showing that the labour market was able to prevent a larger unemployment crisis but did so partly through lower-security and less productive forms of work. Around 65 percent of employed returnees are now working in jobs different from those they held in Thailand, and only around 56 percent reported that the skills acquired abroad matched the requirements of their current jobs. In response, MLVT introduced a differentiated reintegration package, including TVET C1 training for unemployed returnees under 40, voucher skills training for older workers, RPL for experienced construction workers, and pre-employment training for garment-sector placement.

Survey evidence shows that returnees are largely of prime working age but have relatively low levels of formal education. Among the 1,115 surveyed returnees, 71.8 percent were aged 25–44 and 85.5 percent were aged 15–44. Respondents were concentrated in Banteay Meanchey, Battambang, and Prey Veng, which together accounted for 56.6 percent of the sample. Around 42.5 percent had completed only primary education, 33.3 percent had not completed any grade, and 19.8 percent had completed lower secondary education. This profile supports an emphasis on practical, short-cycle, workplace-based, and competency-based training, together with Recognition of Prior Learning for workers who possess occupational experience but lack formal qualifications.

The near-term labour market outlook remains broadly favourable, but Cambodia must prepare for the adjustment and the employment implications of LDC graduation in 2029. The gradual withdrawal of trade preferences, possible tariff increases, and stricter rules of origin could affect labour-intensive manufacturing, agriculture, trade, transport, domestic suppliers, enterprise earnings, and household incomes. Preparation should begin well before graduation through an employment-led transition strategy combining worker reskilling and protection, enterprise productivity upgrading, stronger domestic value chains, market and product diversification, technological and green upgrading, and improved trade competitiveness.

Policy should focus on building an integrated labour market adjustment system rather than pursuing employment growth in isolation. The priorities are to strengthen real-time data and geographically disaggregated labour market information;

improve decentralized job matching and worker mobility; align TVET, short-cycle training, and RPL with employer demand; expand pathways toward more productive and formal employment; adopt place-based responses linking labour-supplying provinces with growth centres; deepen employer participation in forecasting, curriculum development, apprenticeships, and workplace training; and establish an employment-led national transition strategy for LDC graduation. Together, these measures would enable Cambodia to convert labour force into more productive, inclusive, formal, and resilient employment.

PART 1: RECENT ECONOMIC AND LABOUR MARKET DEVELOPMENTS

1.1 Macroeconomic context

Cambodia entered 2026 with a still-expanding economy, but with clearer signs that the quality and composition of growth matter increasingly for labour market outcomes. Official macro projections by the Ministry of Economy and Finance (MEF) point to growth of about 4.2 percent in 2026, rising to 5.0 percent and 5.3 percent in 2027 and 2028, respectively. Inflation is expected to remain moderate, at about 2.6 percent in 2025 and 3.8 percent in 2026, helping preserve household purchasing power and support more stable wage-setting conditions (see Figure 1). Together, these projections suggest that Cambodia's labour market is operating in an environment of continued expansion rather than contraction, but one in which sectoral dynamism and labour allocation will matter more than headline growth alone.

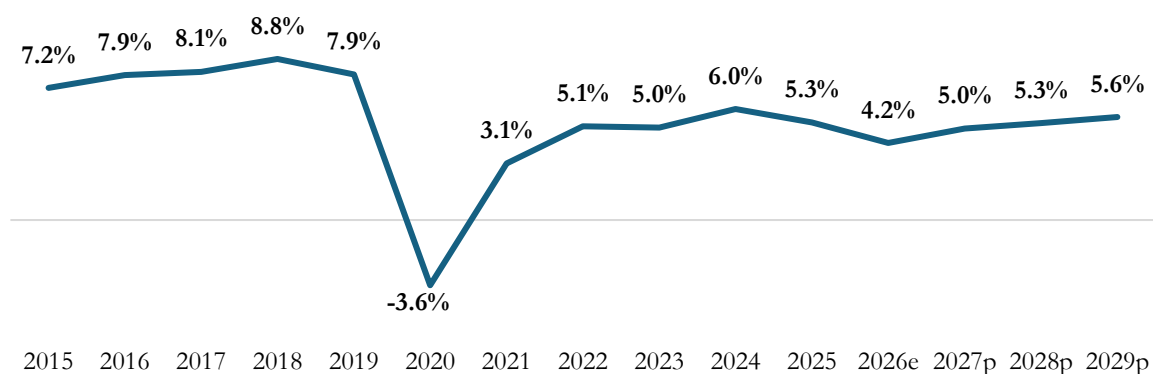
A moderate inflation environment is especially important because it supports real household incomes at a time of labour reallocation and rising demand for workers. Low and stable inflation reduces the risk that nominal wage gains are eroded, while

also giving firms greater certainty in planning hiring and production. In the current context, that matters because Cambodia is not only managing normal labour market adjustment, but also accommodating a larger supply of workers linked to return migration and sectoral shifts. Stable prices therefore reinforce the broader labour market's capacity to absorb labour without immediately triggering major wage instability or demand compression.

1.2 Labour force structure and trends

Cambodia's projected labour force structure in 2025 points to a large and still expanding pool of working-age people, with most already participating in the labour market. Based on the projection by the Ministry of Labour and Vocational Training (MLVT), population aged 15 years and above is projected at 12.9 million in 2025, of whom about 11.5 million are in the labour force and 1.4 million are outside the labour force. Within the labour force, approximately 10.7 million are economically active in employment-related categories (excluding about 622 thousand workers who are currently working abroad), indicating that the Cambodia's

Figure 1. Real GDP growth



Source: MEF.

Note: e = estimates, p = projections.

labour market continues to absorb a very large number of workers. This broad structure suggests that the country's labour market challenge is not primarily one of insufficient participation, but rather of ensuring that labour is absorbed into productive, secure, and well-matched jobs.

Cambodia's labour market has recovered from the pandemic shock, but recovery has not been uniform across age groups.

Data from the Cambodia Socio-Economic Survey (CSES) shows that both the labour force participation rate and the employment-to-population ratio fell noticeably between 2019 and 2021, reflecting the disruptions associated with the COVID-19 period. By 2023, participation and employment indicators had improved relative to 2021, but the rebound remained incomplete for some groups, especially younger workers. In 2023, the labour force participation rate for those aged 15 to 64 was 84.2 percent, which marked a decline from the 87.4 percent recorded in 2019. The employment-to-population ratio for those aged 15 to 64 was 82.8 percent in 2023, which represented a modest decrease from the 84.1 percent in 2021, and the figures seen before the pandemic.

The labour force participation rate¹ of youth aged 15–19 is weakening. For this age group, the labour force participation rate fell from 58.5 percent in 2019 to 48.9 percent in 2023 (see Table 1), while the employment-to-population ratio declined from 57.0 percent to 47.8 percent over the same period (see Table 2). This pattern likely reflects more than cyclical weakness itself as it points to a structural shift in the transition from school to work, which is potentially driven by higher secondary school enrolment, delayed entry

into employment, or slower post-crisis re-entry into the labour market among the youngest cohort. This trend provides an important signal for policy because it implies that labour market monitoring must pay closer attention to school-to-work pathways, youth skills formation, and early-career employment prospects.

Table 1. Labour force participation rate (2019-2023)

Age Group	2019	2021	2023
15-19	58.5%	54.0%	48.9%
20-24	88.8%	84.6%	83.9%
25-34	95.0%	91.4%	92.9%
35-44	95.5%	93.9%	94.2%
45-54	92.6%	89.9%	90.0%
55-64	82.0%	76.0%	79.5%
15-64	87.4%	83.7%	84.2%

Source: MLVT's calculation based on CSES 2019/20, 2021, and 2023.

Table 2. Employment-to-population ratio (2019-2023)

Age Group	2019	2021	2023
15-19	57.0%	52.9%	47.8%
20-24	85.4%	83.0%	82.9%
25-34	92.2%	90.4%	92.3%
35-44	94.6%	93.2%	93.8%
45-54	90.5%	89.4%	89.6%
55-64	80.1%	75.7%	79.3%
15-64	85.4%	84.1%	82.8%
15+	82.1%	79.2%	79.8%

Source: MLVT's calculation based on CSES 2019/20, 2021, and 2023.

1.3 Employment structure and sectoral shifts

Total employment has expanded strongly and is projected to continue growing. The

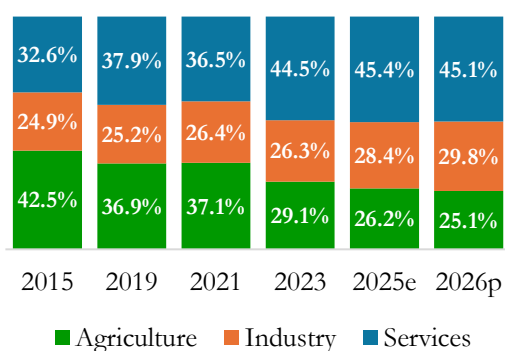
¹ See Appendix A for the definitions of technical labour indicators used in this report.

number of domestic employed persons aged 15 and above rose from 9.2 million in 2019 to a projected 11.0 million by 2026 (excluding Cambodian migrant workers abroad), an increase of about 1.9 million workers. After a temporary decline in 2020, employment resumed growth in each subsequent year, with the largest increase occurring between 2024 and 2025. This trajectory indicates that the Cambodian labour market has regained momentum and is now in a phase of renewed job creation.

Employment growth, however, has not been evenly distributed across sectors; it reflects a continuing structural shift away from agriculture and toward industry and services.

Agricultural employment is on a declining trend and, after a brief rebound in 2025, is projected to contract again in 2026. Employment in the industrial sector, on the other hand, is anticipated to grow rapidly, reaching approximately 3.3 million jobs by 2026. That is nearly a doubling of the 2019 figure of 2.3 million. Services sector remains the largest employer and is expected to surpass 5 million workers by 2026, which is supported by strong gains in trade, hospitality, transportation, and other service activities. This pattern is consistent with a labour market in transition, where workers are moving away from traditional farming into more diversified non-farm activities.

Figure 2. Employment shares by sector



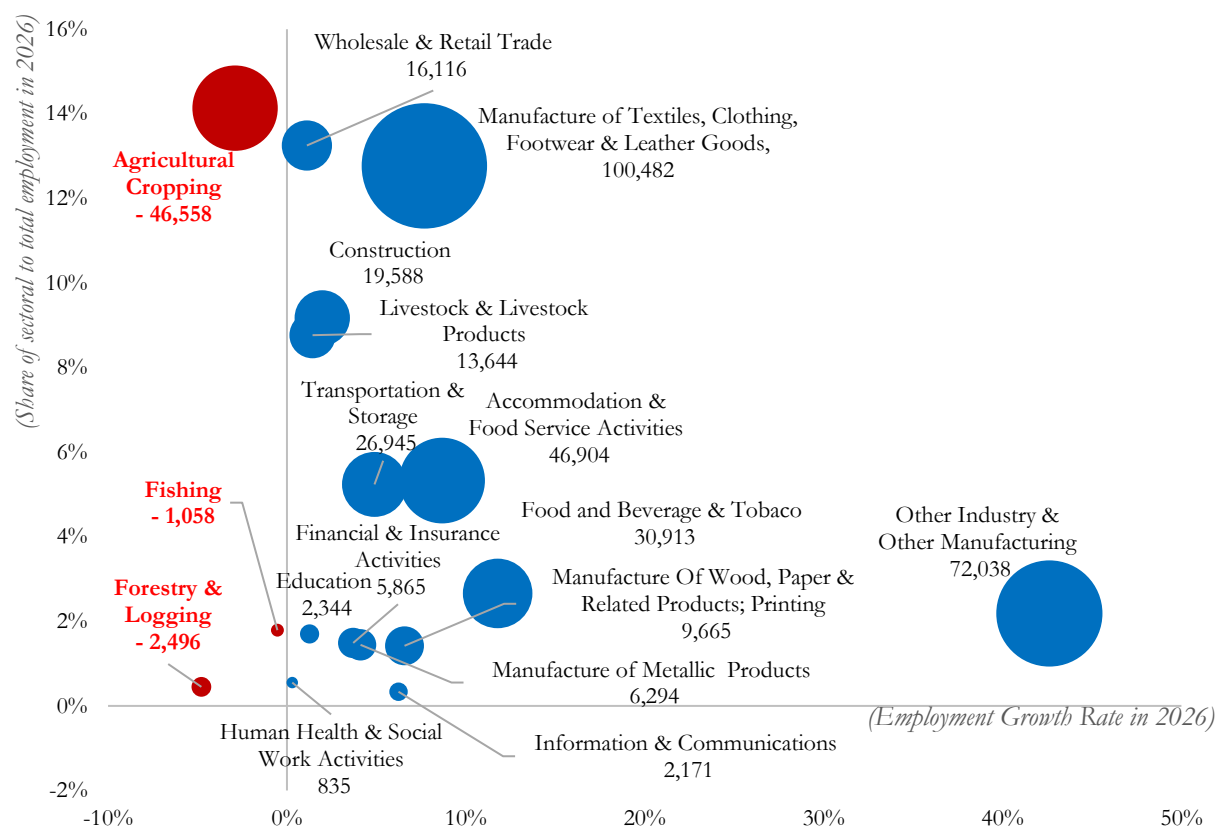
Source: MLVT's projection based on CSES (2015-2023).

Note: Cambodian migrants who returned from Thailand during late 2025 are included in the projections.

The structure of employment growth suggests that Cambodia's labour market is becoming more diversified, but still heavily reliant on a few sectors for labour absorption. In 2025, approximately 800 thousand new jobs were created, bringing total employment to about 10.7 million. These new jobs were mainly sub-sectors, like food and beverage manufacturing, textiles and garments, construction, livestock production, wholesale and retail trade, and transportation and storage. For 2026, a further 316 thousand new jobs are projected, with growth expected to remain centred in textiles and garments, other manufacturing, accommodation and food services, wholesale and retail trade, and transportation and storage (see Figure 3). An ongoing importance of garments highlights its role in maintaining employment stability, even though the need for diversification becomes more pressing due to competitive pressures.

Higher-value manufacturing is beginning to strengthen the composition of job creation.

Among the expected high-growth sub-sectors for 2026 are other manufacturing, food and beverage manufacturing, accommodation and food services, textiles and garments, wood and paper products, and ICT. Notably, the “other industry & other manufacturing” category—which includes electronics, electrical components, and automobile assembly—is expected to generate higher-value-added jobs for both the domestic labour force and workers returning from abroad. This matters because it indicates that labour demand is not only expanding in volume, but also gradually broadening into sectors more closely associated with industrial upgrading.

Figure 3. Share of employment creation by sub-sector in 2026

Source: MLVT's projection based on CSES (2015-2023).

1.4 Labour demand and job creation

Cambodia's labour market is currently characterized by strong labour demand and substantial absorptive capacity. MLVT projections indicate that total employment could grow by an average of 4.7 percent annually between 2025 and 2027 (see Appendix B for the estimation methodology). The industry sector is expected to be the primary driver of this expansion, with employment projected to increase by 10.1 percent per year and account for nearly all net job creation during the period, followed by services at 4.8 percent (see Table 3). This means that Cambodia's employment challenge is increasingly not whether jobs are being created in aggregate, but whether workers can move into the sectors and locations where demand is strongest.

The demand–supply outlook reinforces this positive trajectory, indicating that Cambodia's economy is expected to maintain a strong capacity to absorb new labour-market entrants and workers transitioning out of agriculture. Employment opportunities are projected to expand particularly in industry and services, reflecting continued structural transformation toward manufacturing, construction, logistics, trade, tourism and other service activities. This shift could broaden employment opportunities for Cambodia's young workforce and facilitate the reallocation of labour from lower-productivity agricultural activities to more productive non-agricultural jobs.

Table 3. Average annual growth rate of sectoral employment

Sector	2019- 2021	2021- 2023	2023- 2025	2025- 2027	2027- 2030	2019- 2025	2025- 2030	2019- 2030
Total	0.8%	3.3%	3.4%	4.7%	3.0%	2.3%	3.9%	2.6%
Agriculture	0.5%	-4.4%	-4.7%	-1.1%	-3.7%	-2.7%	-2.4%	-2.9%
Crops	-0.5%	-7.2%	-8.1%	-3.9%	-6.6%	-5.1%	-5.2%	-5.4%
Livestock & Livestock Products	5.7%	2.3%	1.9%	3.4%	0.3%	3.4%	1.7%	2.2%
Forestry & Logging	-21.0%	-8.6%	-7.1%	-5.0%	-6.3%	-11.9%	-5.7%	-9.4%
Fisheries	1.8%	-0.6%	-1.1%	1.0%	-1.9%	0.0%	-0.5%	-0.7%
Industry	2.3%	4.0%	6.0%	10.1%	6.7%	4.1%	8.4%	5.3%
Food, Beverage, and Tobacco	-2.9%	12.8%	18.3%	17.8%	13.8%	8.2%	15.4%	10.4%
Manufacture of Textiles, Garment, Footwear & Leather Goods	1.5%	3.9%	6.1%	10.3%	6.7%	3.9%	8.5%	5.2%
Manufacture Of Wood, Paper & Related Products; Printing	4.2%	6.7%	8.5%	10.8%	7.9%	6.0%	9.2%	6.7%
Manufacture of Rubber	-3.3%	25.2%	30.9%	30.7%	22.2%	14.8%	26.0%	18.2%
Manufacture of Metallic Products	5.5%	1.0%	10.5%	11.3%	8.8%	6.2%	9.9%	6.9%
Construction	4.1%	4.5%	3.5%	6.2%	4.8%	4.0%	5.5%	4.1%
Other Industry and Other Manufacturing	1.3%	-4.2%	-0.0%	17.3%	1.6%	-1.0%	9.4%	3.5%
Service	0.3%	9.8%	7.9%	4.8%	3.9%	5.4%	4.3%	4.6%
Wholesale & Retail Trade	4.3%	3.3%	2.2%	2.3%	0.5%	3.3%	1.5%	2.2%
Transportation & Storage	-1.0%	8.0%	7.5%	6.3%	3.9%	5.0%	5.1%	4.7%
Accommodation & Food Service Activities	-4.6%	19.4%	9.0%	7.1%	4.5%	7.5%	5.6%	6.6%
Information & Communications	0.8%	9.5%	9.0%	7.6%	4.9%	6.8%	6.2%	6.1%
Financial & Insurance Activities	6.7%	6.6%	6.0%	5.1%	3.0%	7.3%	4.1%	5.6%
Education	-6.4%	3.9%	4.5%	2.8%	1.8%	0.9%	2.4%	1.2%
Human Health & Social Work Activities	0.1%	1.0%	4.0%	2.9%	1.7%	2.7%	2.4%	2.1%
Other Service	-1.7%	16.3%	14.3%	5.7%	6.4%	7.9%	5.8%	6.8%

Source: MLVT's estimation based on CSES (2015-2023).

Investment trends reinforce this picture of strong labour demand. Based on the data from the Council for the Development of Cambodia (CDC), the number of Qualified Investment Projects (QIPs) increased from 414 in 2024 to 630 in 2025, a rise of 52.2 percent, while potential job creation grew by 35.0 percent, from 324,624 to 438,216 jobs (see Table 4). Between 2024 and 2025, 1,044 approved projects carried total job potential of 762,840, of which 764 had been realized,

generating 304,082 actual jobs. Textile, garment, footwear, and travel goods sector remained the largest contributor to realized employment, accounting for 206,076 jobs, more than twice the realized employment in non-GFT sectors combined. At the same time, non-GFT project growth was faster in percentage terms, indicating broadening investment momentum beyond Cambodia's traditional export base.

Table 4. Number of QIPs in 2024 and 2025

	2024			2025			Percentage change 2024-2025 (%)		
	Projects	Potential job creation	Fixed assets (Thousand Dollars)	Projects	Potential job creation	Fixed assets (Thousand Dollars)	Projects	Potential job creation	Fixed assets
Total	414	324,624	6,872,415	630	438,216	9,959,123	52.2%	35.0%	44.9%
GFT	148	198,759	876,793	205	263,198	1,393,031	38.5%	32.4%	58.9%
Outside the SEZs	130	185,154	804,684	182	250,868	1,228,742	40.0%	35.5%	52.7%
In the SEZs	18	13,605	72,109	23	12,330	164,289	27.8%	-9.4%	127.8%
Non-GFT	266	125,865	5,995,622	425	175,018	8,566,093	59.8%	39.1%	42.9%
Outside the SEZs	134	66,269	3,069,489	205	108,114	5,162,461	53.0%	63.1%	68.2%
In the SEZs	132	59,596	2,926,133	220	66,904	3,403,631	66.7%	12.3%	16.3%

Source: MLVT's estimation based on CDC's and NSSF's data.

Investment-led job creation is also becoming more geographically concentrated and operationally relevant for labour market planning. Kampong Speu recorded the highest number of realized projects and realized employment in 2024–2025, with 189 realized projects and 92,689 realized jobs, and it is also projected to lead employment realisation in 2026 with 37,238 expected jobs (see Tables 5 and 6). At the sector level, electrical equipment manufacturing recorded the highest number of realized projects, while furniture manufacturing generated especially high employment despite fewer projects. For 2026, approved and likely-to-be-realized QIPs are projected to create 320,681 potential jobs under current trends (see Table 7). This points

to a labour market in which investment approvals, project realisation, and province-level industrial clustering are becoming central drivers of employment expansion.

In conclusion, Cambodia is entering the current period with positive employment momentum, moderate inflation, and broad-based job creation in industry and services. The labour market has moved beyond post-pandemic stabilization and is increasingly shaped by deeper structural forces: declining agricultural labour absorption, sustained expansion in manufacturing and services, stronger investment-led employment creation, and rising demand for workers in both traditional and emerging sectors.

Table 5. QIPs projects and employment realisation in 2024 and 2025 by province

Provinces	Approved QIPs project and potential job creation in 2024 and 2025		QIPs project and employment realisation in 2024 and 2025			Expected QIPs employment realisation in 2026		
	Projects	Potential job creation	Realized projects	QIPs potential job creation	Realized employment	Total 2026	From 0-6 months	From 6-12 months
Total	1,044	762,840	764	623,982	304,082	129,391	64,617	64,774
Kampong Speu	235	209,486	189	176,233	92,689	37,238	18,336	18,902
Svay Rieng	209	96,698	128	65,459	32,388	14,432	5,746	8,686

Provinces	Approved QIPs project and potential job creation in 2024 and 2025		QIPs project and employment realisation in 2024 and 2025			Expected QIPs employment realisation in 2026		
	Projects	Potential job creation	Realized projects	QIPs potential job creation	Realized employment	Total 2026	From 0-6 months	From 6-12 months
Phnom Penh	128	112,663	110	102,356	60,205	21,710	11,319	10,391
Takeo	110	108,056	88	89,675	25,014	16,884	9,038	7,846
Preah Sihanouk	107	38,646	76	25,498	19,422	4,787	1,893	2,894
Kandal	78	85,430	65	75,463	26,611	17,652	9,283	8,369
Koh Kong	75	17,102	31	7,026	4,641	890	415	475
Kampong Chhnang	33	33,405	25	28,978	13,793	5,076	2,836	2,240
Kampong Cham	15	12,415	15	12,415	8,490	1,479	741	738
Tboung Khmum	9	4,930	6	4,298	360	547	380	167
Rattanakiri	2	9,031	1	8,550	4,856	2,032	1,494	538
Other provinces	43	34,978	30	28,031	15,613	6,664	3,136	3,528

Source: MLVT's estimation based on CDC's and NSSF's data.

Note: Technical note on how QIPs project and employment realisation were calculated can be found in Appendix C.

Table 6. QIPs projects and employment realisation in 2024 and 2025 by sector

Sector	Approved QIPs project and potential job creation in 2024 and 2025					Expected QIPs employment realisation in 2026		
	Projects	Potential job creation	Realized project	QIPs potential job creation	Realized employment	Total 2026	From 0-6 months	From 6-12 months
Total	1,044	762,840	764	623,982	304,082	129,391	64,617	64,774
GFT	353	461,957	289	400,353	206,076	85,982	42,552	43,430
Non-GFT	691	300,883	475	223,629	98,006	43,409	22,065	21,344
Manufacture of electrical equipment	158	77,826	121	62,327	19,456	12,091	6,079	6,012
Other sectors	121	37,492	71	23,506	7,922	5,636	2,820	2,816
Other manufacturing	79	39,392	49	28,080	9,882	4,937	3,044	1,893
Manufacture of rubber and plastics products	64	29,447	44	22,998	11,358	3,635	1,892	1,743
Manufacture of furniture	61	34,302	45	27,521	18,885	3,881	1,718	2,163
Manufacture of fabricated metal products, except machinery and equipment	55	16,984	31	10,294	5,181	1,629	843	786
Manufacture of paper and paper products	52	13,643	38	10,056	4,656	2,376	734	1,642
Manufacture of food and beverage	33	19,915	29	19,148	11,666	4,328	2,576	1,752
Manufacture of motor vehicles, trailers and semi-trailers	21	7,442	16	5,812	2,006	1,253	763	490
Manufacture of machinery and equipment n.e.c.	19	5,882	14	3,629	766	653	464	189

Sector	Approved QIPs project and potential job creation in 2024 and 2025					Expected QIPs employment realisation in 2026		
	Projects	Potential job creation	Realized project	QIPs potential job creation	Realized employment	Total 2026	From 0-6 months	From 6-12 months
Manufacture of computer, electronic and optical products	15	5,135	9	2,896	1,521	543	266	277
Accommodation	8	6,584	3	523	124	126	67	59
Crop and animal production, hunting and related service activities	5	6,839	5	6,839	4,583	2,321	799	1,522

Source: MLVT's estimation based on CDC's and NSSF's data as of April 2026.

Table 7. QIPs project and potential jobs to be created in 2026

Expected 2026	QIPs projects to be approved in 2026	Potential job expected to be created in 2026
1. Expected QIPs realisation in 2026	182	129,391
2. QIPs from September to December 2025 which would be realized soon in 2026 (With realisation rate of 73%)	102	48,369
3. QIPs projects that CDC may approve in 2026 if trends and conditions remain the same as in 2025	398	142,921
Total	682	320,681

Source: MLVT's estimation based on CDC's and NSSF's data.

PART 2: JOBS, SKILLS, AND LABOUR MARKET EFFICIENCY

2.1 Labour market efficiency and matching constraints

The evidence in Part 1 shows that Cambodia is creating jobs at scale. The central issue in Part 2 is therefore not the existence of labour demand in aggregate, but how effectively the labour market converts that demand into productive and well-matched employment. Cambodia's labour market currently has strong absorptive capacity, but coexist with important frictions in matching workers to jobs across sectors, occupations, and locations.

A labour market can generate vacancies, attract investment, and still perform inefficiently if workers do not possess the competencies employers require, if jobs are concentrated in provinces different from where labour is available, or if institutions are unable to connect workers and firms quickly enough. In Cambodia, this problem is becoming more visible because labour demand is increasingly concentrated in industry and services, especially in manufacturing, trade, transportation and storage, accommodation and food services, and selected higher-value industrial activities. These sectors continue to absorb labour, but they also tend to be more selective in the skills, work readiness, and geographic mobility they require.

While QIPs indicate strong demand, the sectoral and spatial pattern of realized employment is increasingly differentiated. Job creation remains heavily concentrated in GFT, but electrical equipment, furniture, food and beverage manufacturing, and other non-

GFT activities are also emerging as important sources of employment. Likewise, demand is concentrated in provinces such as Kampong Speu, Phnom Penh, Svay Rieng, Kandal, and Takeo. This means that aggregate labour absorption can remain strong while individual workers still face barriers to effective matching. For policy, the implication is clear: labour demand alone is not sufficient. Labour market performance will increasingly depend on the institutions that translate demand into efficient worker-job matching.

2.2 Skills mismatch and workforce alignment

The main efficiency challenge in Cambodia's labour market is increasingly one of mismatch rather than insufficient demand. Evidence from labour market monitoring and reintegration efforts shows that workers are not always moving into jobs that correspond to their prior skills, experience, or location. This matters because a labour market can display strong job creation and still perform inefficiently if workers are channelled into roles that underuse their experience or if firms struggle to recruit workers with the competencies they need. In the current phase of structural transition, the mismatch problem appears in both sectoral and geographic form.

Recent evidence from returned migrant workers² illustrates the scale of structural mismatch. Survey results reported by MLVT indicate that about 65 percent of employed returnees are currently working in jobs different from those they performed in Thailand. At the same time, only around 56

² Returned migrant workers and returnees will be used interchangeably throughout this report.

percent reported that the skills they acquired abroad matched the requirements of their current job, although match rates were somewhat higher in agriculture and industry. While these figures refer specifically to returned migrants, they capture a broader labour market problem: skills acquired in one production context do not automatically transfer into equivalent domestic opportunities, especially when job matching systems, certification frameworks, and employer information remain incomplete.

Spatial mismatch is reinforcing structural mismatch and making labour reallocation more costly. Labour supply linked to return migration has been concentrated in border provinces such as Banteay Meanchey and Battambang, while employment opportunities are more concentrated in Phnom Penh and Kandal. This geographic separation means that even where jobs exist in aggregate, workers may still face barriers to effective matching because of distance, relocation costs, family obligations, and incomplete local labour market information. In practical terms, a job-rich labour market can still produce frictions and delayed adjustment when workers are not located where demand is strongest.

Mismatch risks are likely to intensify as labour demand shifts toward higher-value manufacturing and more specialized service activities. The sectors expected to expand most rapidly include electronics-related manufacturing, automobile assembly, food and beverage processing, ICT, and modern service activities. These sectors typically require more specific technical competencies, stronger workplace readiness, and better alignment between training content and employer needs than traditional low-skill labour absorption sectors. As a result, labour market efficiency will depend not only on creating vacancies, but also on improving the

fit between worker capabilities and the changing structure of demand.

Recent evidence from the Cambodia Skills and Job Mismatch Survey conducted by MLVT confirms that skills mismatch is not a marginal issue, but a structural feature of the labour market. The survey results indicate that only 48.9 percent of workers are employed in jobs that are broadly matched to their educational attainment, while 21.8 percent are underqualified for their current occupation and 29.3 percent are overqualified. This means that more than half of workers are employed in positions that do not align well with their level of education, which may lead to wage penalties. The pattern of mismatch also varies sharply across occupations. Managers and professionals are concentrated at higher education levels, with many holding bachelor's, master's, or doctoral qualifications, while plant and machine operators and assemblers are concentrated at the lower end of the education distribution, with 66.7 percent having pre-primary education or no schooling and 40.5 percent having only primary education (see Table 8). Elementary occupations show a concentration among workers with very low educational levels, while clerical and technical occupations are more concentrated in upper secondary and tertiary levels.

These results suggest that Cambodia faces a dual mismatch problem: low-skilled workers remain concentrated in low-productivity occupations, while a sizeable share of workers with higher education are not fully utilized in jobs corresponding to their qualifications. In practical terms, undereducation may constrain productivity and workplace performance in more skill-intensive occupations, while overeducation may reflect weak demand for higher-level skills, limited occupational upgrading, or inefficient job matching. This

reinforces the broader argument of this chapter that labour market efficiency is not only determined by the number of available jobs, but also by how effectively workers' education and competencies are aligned with occupational demand. Strengthening labour market information systems, improving employer engagement in training design, and expanding more responsive TVET and certification pathways will therefore be critical to reducing mismatch and improving the quality of labour market adjustment.

Technical qualifications alone do not determine workers' productivity and employability. Employers increasingly value

cognitive skills—particularly critical and analytical thinking, creativity, innovation, and problem-solving—that allow workers to assess information, exercise sound judgement, identify operational problems, and develop practical solutions (Ky et al., 2026). Workers with these competencies can adapt more effectively to new technologies and changing production requirements, reduce errors and delays, improve quality control, and contribute to process improvement. This creates a cognitive skills premium because such workers provide additional value beyond their formal education or technical qualifications and are better positioned to move into higher-productivity occupations.

Table 8. Education-job mismatch based on MLVT's skill and job mismatch survey

ISCED-11 levels of education ISCO 08 Occupation	0. Pre-primary education or no schooling	1. Primary education or first stage of basic education	2. Lower secondary or second stage of basic education	3. Upper secondary education	4. Post-secondary non-tertiary education	5. Short-cycle tertiary education	6. Bachelor's or equivalent level	7. Master's or equivalent level	8. Doctoral or equivalent level
1. Managers	0.0%	2.5%	4.6%	4.7%	7.7%	4.8%	7.7%	47.6%	25.0%
2. Professionals	0.0%	1.3%	5.2%	18.5%	61.5%	45.2%	41.5%	28.6%	75.0%
3. Technicians and Associate Professionals	0.0%	1.3%	7.8%	17.5%	15.4%	28.6%	21.9%	4.8%	0.0%
4. Clerical Support Workers	0.0%	11.4%	13.7%	27.3%	7.7%	11.9%	22.3%	19.0%	0.0%
5. Services and Sales Workers	0.0%	15.2%	9.8%	10.9%	7.7%	7.1%	4.4%	0.0%	0.0%
6. Skilled Agricultural, Forestry and Fishery Workers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7. Craft and Related Trades Workers	0.0%	5.1%	9.2%	3.3%	0.0%	2.4%	0.8%	0.0%	0.0%
8. Plant and Machine Operators and Assemblers	66.7%	40.5%	30.1%	8.4%	0.0%	0.0%	0.8%	0.0%	0.0%
9. Elementary Occupations	33.3%	22.8%	19.6%	9.5%	0.0%	0.0%	0.6%	0.0%	0.0%

Source: MLVT, Ky et al. (2026), Knuch (2026).

Note: Green = Matched, Orange = Undereducated, Grey = Overeducated.

Socio-emotional and workplace skills, especially teamwork, communication, and time management, are equally important. Effective communication and collaboration improve coordination, correction related misunderstandings, and enable workers contribute to shared objectives, while good

time management enables them to prioritize responsibilities and complete tasks within agreed deadlines. However, productivity should not depend on continuous deadline pressure or excessive micro-management, as these practices can increase stress and weaken employee initiative. Cambodia's TVET and workforce-

development programmes should therefore integrate cognitive and socio-emotional competencies into occupational training, apprenticeships, workplace simulations, and assessment systems to improve job matching, worker adaptability, enterprise productivity, and progression towards higher-value employment.

2.3 TVET and workforce upgrading

Technical and vocational education and training is becoming a more central instrument for improving labour market efficiency, not just for expanding training access. Cambodia's TVET agenda is increasingly framed around the need to respond to industrial upgrading, digital transformation, and the green economy. Under MLVT's Strategic Development Plan 2024-2028, the reform agenda emphasizes digital governance, quality enhancement, workforce expansion, public-private partnerships, and research and innovation. This gives TVET a broader strategic role: it is expected to support labour reallocation, reduce skills mismatch, and strengthen the domestic supply of workers for growth sectors.

The scale of the TVET expansion agenda is ambitious and reflects a clear effort to widen the pool of employable workers. The Royal Government of Cambodia (RGC) has committed to provide access to TVET for targeted 1.5 million youth from poor and vulnerable families in the coming years. Training is currently available across 37 public TVET institutions spanning 10 priority sectors, including construction, energy, electronics, automotive mechanics, business and ICT, agriculture and agro-industry, services, cooling and heating technologies, and tourism. Participants are supported through free registration, stipends, career counselling, labour market information, certification, and pathways for continued

study. This package indicates that TVET is increasingly being positioned not only as a training channel, but also as part of the wider labour market transition system.

Recent reforms also point to a stronger effort to align training pathways with actual labour market demand. In 2026, the Government introduced a new vocational pathway beginning at grade 10 as part of broader upper secondary reform. The pathway is designed to complement the traditional science and social science streams and to provide more work-based, practical learning linked to internships and partnerships with industry. Importantly, the reform is intended to remain responsive to labour market conditions in regional growth centres and Special Economic Zones (SEZs), suggesting a shift toward earlier and more direct alignment between education choices and employment opportunities.

Recognition of Prior Learning (RPL) is one of the most important recent reforms for improving workforce alignment. MLVT have launched a national RPL program, initially focused on Cambodian workers returning from Thailand, particularly those with experience in construction. The scheme will subsidize assessment costs and convert prior experience into national skills certificates. In its first phase, the program will cover eight construction occupations, including masonry, tiling, rough carpentry, plumbing, building electrical wiring, scaffold erection, steel fabrication and fixing, and ARC welding. This reform matters because it directly addresses one of the largest inefficiencies in the labour market: the under-recognition of skills that workers already possess. By translating experience into recognized competencies, RPL can shorten the path from informal or overseas work into formal domestic employment.

Training delivery in 2025 shows that TVET expansion is already taking place at scale, although the quality and alignment challenge remains substantial. In 2025, TVET enrolment increased to more than 182 thousand trainees. MLVT also developed 256 competency-based standards covering 399 modules across 116 skills in 10 priority sectors. These efforts indicate substantial institutional activity, but they do not by themselves guarantee labour market efficiency. Their impact will depend on whether programme content keeps pace with employer needs, especially in high-growth sectors such as manufacturing, electronics, and automotive assembly.

Current constraints in the TVET system show that mismatch is as much an institutional issue as a labour supply issue. MLVT identifies several persistent challenges, including low overall enrolment and particularly limited participation among women; social perceptions continue to favour general education pathways; private sector engagement in governance and curriculum design remains insufficient; and training quality is constrained by shortages of qualified trainers and outdated teaching methods. Most importantly, a persistent gap remains between TVET programmes and actual labour market needs, particularly in fast-growing industrial sectors. Unless these institutional constraints are addressed, training expansion alone may not be sufficient to reduce mismatch.

2.4 Employment services and labour market information systems

Employment services have become a critical part of labour market adjustment, especially where strong aggregate demand coexists with major matching frictions. Cambodia's recent experience shows that labour market performance depends not only on job creation, but also on the systems used

to collect vacancy information, identify jobseekers, and connect the two quickly. In this context, the National Employment Agency has moved beyond a narrow placement role and increasingly functions as a coordinating platform for labour market information, job matching, and mobility support.

Recent operational evidence suggests that the employment services system can function at large scale when supported by active vacancy collection and decentralized outreach. From June, 2025 to May, 2026, MLVT organized 617 job forums and fairs across 20 provinces covering employment, social security, and vocational training. These events attracted more than 177,000 participants, and about 73,000 individuals secured immediate employment. Based on the National Employment Agency (NEA), vacancy data were collected for about 515,452 job vacancies between June 8, 2025 to June 30, 2026, including 44,735 jobs in agriculture, 443,712 in industry, and 27,005 in services. These figures indicate that labour market intermediation has become a major operational tool for addressing mismatch, particularly during periods of rapid labour reallocation.

The industry sector remains the primary engine of the Cambodian labour market, accounting for a massive 86.1 percent of total demand (443,712 vacancies) (see Table 9). This dominance is further reflected in a higher placement rates, where the sector represents 86.1 percent of all formal job placements. This industrial activity is primarily concentrated in Kampong Speu, Phnom Penh, and provincial special economic zones. Conversely, the agricultural sector shows strategic growth in Northeastern provinces like Kratie and Ratanakiri, signalling a shift toward sustainable local employment. Meanwhile, the service sector lags at only 5.2 percent of total demand, hindered by regional

border tensions and reputational challenges related to online scams.

Digital and remote matching tools are also becoming more important for reducing search costs and extending labour market access. MLVT has expanded the use of the 1297 Hotline and digital platforms to disseminate job opportunities and support remote registration and referrals. Under the intervention model of NEA, border reception services, hotline-based matching, and large-scale forums have formed a three-phase response system that helped move the labour market from an emergency absorption phase toward a steadier growth phase. The system also introduced flexible documentation practices to facilitate immediate hiring, reducing one practical barrier to job entry for displaced workers. These developments show that labour market information systems can materially improve labour market efficiency when they are integrated with placement services and employer outreach.

The main remaining challenge is to make employment services more predictive, not just reactive. Current mechanisms have

improved vacancy collection and short-term matching, but the next stage of reform will require stronger forecasting, better integration of geographic labour market information, and closer coordination with skills development systems. This is particularly important because labour shortages are expected to widen over time, while job creation is becoming more concentrated in specific industrial corridors and high-demand sectors. A more forward-looking labour market information system would help anticipate shortages, guide training investments, and reduce the lag between emerging demand and worker deployment.

Overall, employment services now sit at the centre of labour market adjustment. In a labour market characterized by strong demand but persistent mismatch, their role is no longer simply to place workers into jobs. It is to connect labour demand, worker capabilities, geographic mobility, and skills development within a more coherent adjustment system. This makes public employment services a core institution for improving labour market efficiency, supporting reintegration, and sustaining Cambodia's broader structural transformation.

Table 9. Distribution of job vacancies by capital / province and sector (From June 2025 to June 2026)

No.	Capital/Province	Total Job Vacancy			
		Agriculture	Industry	Services	Total
	Total	44,735 (8.7%)	443,712 (86.1%)	27,005 (5.2%)	515,452 (100%)
1	Kampong Speu	811	120,596	1,344	122,751
2	Phnom Penh	89	108,782	10,635	119,506
3	Kandal	-	59,969	255	60,224
4	Svay Rieng	-	46,389	2,989	49,378
5	Takeo	100	41,805	334	42,239
6	Kampong Chhnang	-	23,545	53	23,598
7	Sihanoukville	3,300	12,400	2,923	18,623
8	Ratanakiri	9,831	145	38	10,014
9	Kampong Cham	2,850	7,677	399	10,926

No.	Capital/Province	Total Job Vacancy			
		Agriculture	Industry	Services	Total
10	Kratie	14,743	1,708	2	16,453
11	Pursat	19	6,057	666	6,742
12	Koh Kong	-	8,359	299	8,658
13	Stung Treng	4,459	53	453	4,965
14	Kampong Thom	3,250	180	467	3,897
15	Banteay Meanchey	30	1,033	1,021	2,084
16	Kampot	2	888	1,131	2,021
17	Tbong Khmum	1,004	616	519	2,139
18	Pailin	1,385	191	607	2,183
19	Mondulhiri	1,309	-	198	1,507
20	Siem Reap	110	574	1,001	1,685
21	Battambang	130	1,243	558	1,931
22	Prey Veng	-	975	359	1,334
23	Oddar Meanchey	970	68	103	1,141
24	Preah Vihear	333	183	514	1,030
25	Kep	10	276	137	423

Source: National Employment Agency (NEA).

PART 3: PRODUCTIVITY AND FORMALIZATION

Cambodia's labour market has shown strong capacity to generate employment, but the quality of that employment remains central to the country's medium-term development trajectory. As the earlier chapters have shown, the economy continues to create jobs in industry and services, and labour demand remains strong even in the face of major adjustment pressures. Yet employment expansion alone is not sufficient to secure durable labour market progress. For labour market gains to support sustained growth, competitiveness, and resilience, job creation must increasingly be accompanied by productivity upgrading and gradual movement into more formal forms of employment. In this sense, Part 3 examines whether Cambodia's recent labour market gains are being translated into higher-value, better-protected, and more sustainable jobs.

3.1 Labour productivity and structural transformation

Enhancing productivity has been one of the key challenges for Cambodia's LDC graduation. There has been a persistent gap in industry as shown in value added per worker between Cambodia and its regional competitors, especially Viet Nam and Thailand. Cambodia's industrial value added per worker remains far below that of Viet Nam and Thailand, both of which show an upward trend and sustain much higher levels (see Figure 4). This is critical for Cambodia's LDC graduation, as preference erosion means competitiveness can no longer depend solely on tariff advantages or low-cost labour. Buyers and investors will increasingly assess countries based on productivity-adjusted costs, consistency of quality, and reliability of delivery.

The productivity challenge is closely connected to the nature of Cambodia's structural transformation. The country has made clear progress in moving labour out of agriculture and into manufacturing and services, but structural transformation does not automatically lead to higher-value employment. The developmental payoff depends on whether workers are moving into activities that generate stronger value added, support skills upgrading, and allow firms to compete beyond low-cost production. If employment growth remains concentrated in activities with limited productivity gains, the labour market may continue to absorb workers in quantitative terms while making only modest progress in earnings quality and long-term competitiveness. Productivity growth is therefore not a separate macro-economic concern; it is a core labour market issue because it shapes the scope for higher wages, more stable employment, and movement into more sophisticated segments of production.

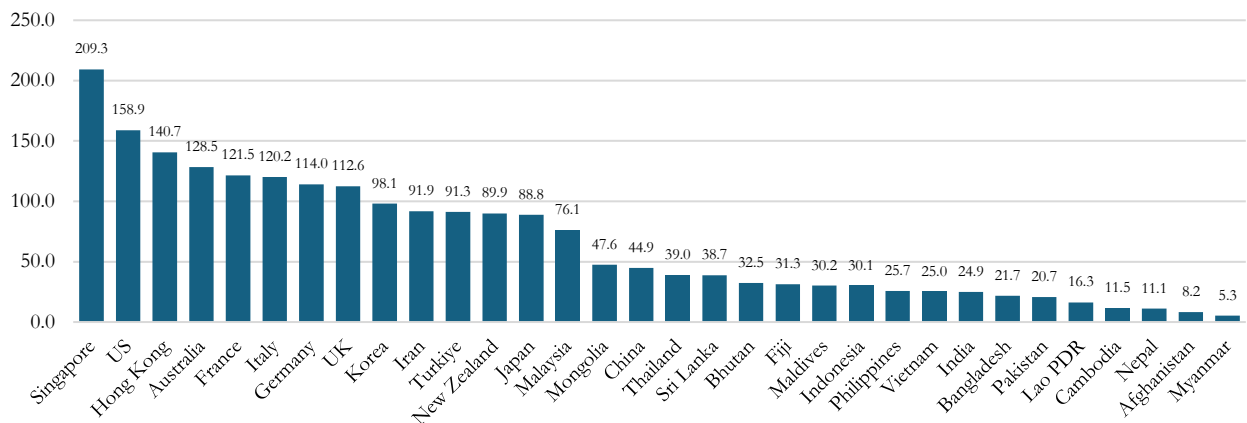
In addition, this pattern poses risks in the context of Cambodia's LDC graduation, as sectors operating on thin margins—particularly export manufacturing—will face greater competitiveness pressures once preferential access declines and compliance requirements intensify. If unit labour costs rise faster than productivity—or if productivity remains stagnant—Cambodia's low-wage advantage could quickly disappear, leaving the country confined to low-value segments of regional value chains while neighbouring economies capture higher-value functions. For labour market policy, the implication is clear that employment growth must increasingly be supported by productivity-enhancing measures, including

stronger skills alignment, better technology adoption, more efficient workplace organization, and deeper employer investment in training and upgrading.

The productivity question also has direct implications for job quality. In the medium term, stronger productivity growth is one of the main channels through which labour market expansion can translate into better wages, more formal employment relationships, and more sustainable enterprise growth.

Where productivity remains low, firms face limited room to improve compensation or invest in workforce development, and workers may remain trapped in jobs that offer employment without meaningful upward mobility. Cambodia's labour market challenge is therefore not only to generate jobs at scale, but to ensure that structural transformation results in more productive employment and a stronger foundation for long-term wage and income growth.

Figure 4. Per-Worker Labour Productivity Level (2023- PPP adjusted) in Thousand USD



Source: APO Productivity Database 2025. <https://www.apo-tokyo.org/wp-content/uploads/2025/10/APO-Productivity-Database-2025-PUB.pdf>

Box 1. Labour Productivity Measure

Returns to skill at individual level

The returns to skills framework of Hanushek et al. (2015) using the extended Mincer wage framework (Mincer 1970, 1974). The study by Hanushek et al. (2015) provides the analytical and empirical framework to capture the return to skills, and the policy framework to understand the skills policy framework of the respective countries.

The extended Mincer equation is given as:

$$\ln Y_i = \beta_0 + \gamma S_i + \beta_1 E_i + \beta_2 E_i^2 + \beta_3 G_i + \varepsilon_i \quad \text{Equation (1)}$$

where Y_i is the hourly wage of individual labour i , S_i is the average skill of the individual labour i , E_i is years of actual labour market experience of individual labour i , G_i is the gender variable, and ε_i is the stochastic term. The key variable in our analysis is coefficient γ that measures the impact of human capital and hence the “return to skill (training)”.

Skills in Productivity at Firm level

The framework of Cima et al. (2022) and Thangavelu et al. (2024) was commonly employed to assess impact of skills on productivity. The study by Cima et al. (2022) provides the empirical framework of measuring the skill-index at the firm level and examines the impact of skills on the productivity of Portuguese manufacturing industries. Thangavelu et al. (2024) examined the impact of skills on labour productivity using the Cambodian Economic Census level data of 2022. The framework adopted the simple Cobb Douglas production framework to study the impact of skills (share of skilled workers) and urban amenities on labour productivity at the firm level. The study highlights the impact of the share of skilled workers on the labour productivity of the manufacturing firms in Cambodia.

The empirical model of the impact of skills on labour productivity at the firm level is given as:

$$y_{ft} = \alpha + \gamma S_{ft} + \beta X_{ft} + \eta_f + \vartheta_t + \varepsilon_{ft} \quad \text{Equation (2)}$$

where y_{ft} is the log of gross output value-added per worker of a firm f in year t , S_{ft} is the skill-index measured by average skills index of firm f in year t , X_{ft} is the firm level control variables such as number of workers, share of part-time workers, share of female workers, capital (investments), and second level polynomial of the tenure of the firm. The year dummy is given as ϑ_t and the firm fixed effects is given as η_f . The key variable in our analysis is the γ coefficient that captures the average workforce skills and its impact on the productivity of the firms.

The simple framework of the skill-index is estimated with a weighted average of education, age (used as a proxy for experience and this could be captured in the survey) and public and private sector training of the workers at the firm level (Pfeifer & Wager (2014); Haltiwanger et al. (1999)). We will also adopt the second skill-index of workers as measured using Cima et al. (2022) framework that captures the worker's position in terms of education, age and ability (unobserved) distribution in each year respectively. The unobserved ability component is captured with a wage analysis with high dimensional fixed effects. The Cima et al. (2022) skill-index is given as:

$$Skill_{it} = a_{it,school} \times a_{it,age} \times a_{it,unobserved} \quad \text{Equation (3)}$$

where $a_{it,school}$ is the worker i position in terms of education (years of schooling and also the highest educational attainment) in time t to overall average, $a_{it,age}$ is the worker i position in terms of age in time t to the overall average, and $a_{it,unobserved}$ is unobserved ability component of the worker i .

Source: Thangavelu et al., (2025), https://sunwayuniversity.edu.my/sites/default/files/publications/2025-12/jci-wp-2025-02_human_capital_dynamics_in_cambodia_1.pdf

3.2 Formalization and job quality

Informality remains widespread in Cambodia, but the latest labour force evidence points to meaningful progress in formalization

between 2019 and 2025. The share of workers in informal employment declined from 88.3 percent in 2019 to an estimated 75.1 percent in 2025, a reduction of 13.2 percentage points. This suggests that formal employment

has expanded considerably over the period, although three out of every four employed persons remain in informal work. The improvement is therefore substantial, but informality continues to shape the employment conditions of most Cambodian workers, with implications for income security, social protection, skills recognition, and career progression.

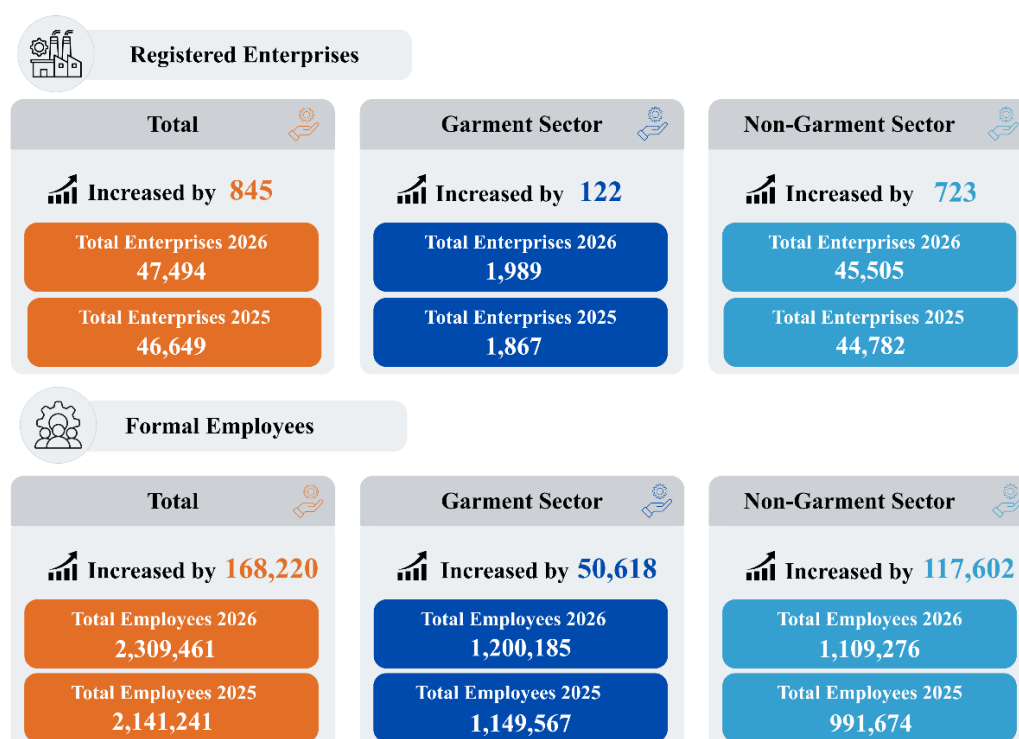
Cambodia's formal sector continued to expand during the first semester of 2026.

The number of registered enterprises increased by 845, from 46,649 in 2025 to 47,494 in 2026, equivalent to growth of approximately 1.8 percent. Over the same period, the number of formal employees increased more rapidly—by 168,220, or approximately 7.9 percent—from 2.14 million to 2.31 million. The faster increase in formal employment than in the number of registered enterprises suggests that employment

expanded not only through the entry of newly registered firms but also through workforce growth among existing enterprises.

Formal employment growth was led by the non-garment sector, indicating gradual diversification beyond Cambodia's traditional garment industries. Non-garment enterprises added approximately 117,602 formal employees, an increase of 11.9 percent, and accounted for almost 70 percent of the overall increase in formal employment. Garment-sector employment also expanded, increasing by 50,618 workers, or 4.4 percent, to approximately 1.20 million. Although the garment sector remains Cambodia's largest source of formal employment, the stronger growth recorded in non-garment activities suggests that the formal employment base is gradually broadening across a more diverse range of industries.

Figure 5. Registered enterprises and formal employees in 2025 and as of the first semester of 2026



Source: MLVT.

Moreover, based on the result from the Cambodia labour force survey, the transition toward greater formality has been strongest in manufacturing and several modern service activities. The informal employment rate in manufacturing fell from 70.0 percent in 2019 to 35.3 percent in 2025, a decline of 34.7 percentage points. Similar reductions were recorded in information and communication, from 83.7 percent to 48.6 percent; financial and insurance activities, from 61.6 percent to 27.7 percent; professional, scientific and technical activities, from 74.7 percent to 47.8 percent; and administrative and support services, from 85.4 percent to 61.6 percent. These trends suggest that industrial expansion, enterprise registration, and the growth of organized wage employment are gradually broadening access to formal work in parts of the economy.

Formalization has also advanced substantially in public and social services, where employment relationships are generally more institutionalized. The informal employment rate declined from 55.0 percent to 29.5 percent in public administration and defence, from 55.4 percent to 21.1 percent in education, and from 51.4 percent to 27.5 percent in human health and social work. These sectors now record some of the lowest levels of informality in the economy, alongside financial services. The results indicate that sectors characterized by clearer employment arrangements, stronger regulatory oversight, and larger institutional employers are better positioned to provide formal and protected employment.

Nevertheless, informality remains deeply entrenched in agriculture and in many labour-intensive service activities. In 2025, the informal employment rate remained at 97.7 percent in agriculture, forestry and

fishing, 93.0 percent in construction, 91.2 percent in wholesale and retail trade, 90.5 percent in accommodation and food services, and 91.0 percent in other service activities. Employment in household-based activities also remained overwhelmingly informal, at 93.7 percent. These sectors absorb large numbers of workers but continue to offer limited access to formal contracts, social insurance, stable earnings, and structured opportunities for skills development.

Progress has therefore been uneven, with the largest gains concentrated in sectors that are more readily reached by enterprise regulation and formal employment systems. Informality fell only slightly in agriculture, real estate, wholesale and retail trade, other services, and household employment. Moreover, water supply, sewerage and waste-management activities recorded an increase in informality from 84.9 percent to 88.3 percent. This uneven pattern suggests that formalization is occurring through sector-specific pathways rather than through a uniform economy-wide transition.

The evidence reinforces that structural transformation must be assessed not only by where jobs are created, but also by whether those jobs become more secure and better protected. Cambodia has made notable progress in reducing informality, particularly in manufacturing and modern services, but continued employment expansion in agriculture, construction, trade, hospitality, and household-based activities can still reproduce low-quality work if formalization mechanisms do not reach these sectors. Labour absorption alone is therefore an incomplete measure of progress; the quality of employment relationships, access to social protection, earnings stability, and opportunities for advancement must also improve.

Table 10. Informal employment by industry

Industry	Share of Informal Employment (%)		
	2019	2025	Difference (% Point)
	A	B	C = B - A
Agriculture, forestry and fishing	98.6	97.7	-0.9
Mining and quarrying	95.0	80.4	-14.6
Manufacturing	70.0	35.3	-34.7
Electricity, gas, steam and air conditioning supply	83.3	68.1	-15.2
Water supply; sewerage, waste management and remediation activities	84.9	88.3	3.4
Construction	97.2	93.0	-4.2
Wholesale and retail trade, repair of motor vehicles and motorcycles	94.2	91.2	-3.0
Transportation and storage	94.5	87.1	-7.4
Accommodation and food service activities	95.2	90.5	-4.7
Information and communication	83.7	48.6	-35.1
Financial and insurance activities	61.6	27.7	-33.9
Real estate activities	81.4	79.5	-1.9
Professional, scientific and technical activities	74.7	47.8	-26.9
Administrative and support service activities	85.4	61.6	-23.8
Public administration and defence; compulsory social security	55.0	29.5	-25.5
Education	55.4	21.1	-34.3
Human health and social work activities	51.4	27.5	-23.9
Arts, entertainment and recreation	88.0	76.8	-11.2
Other service activities	94.0	91.0	-3.0
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	94.7	93.7	-1.0
Activities of extraterritorial organizations and bodies	66.4	9.8	-56.6
Total	88.3	75.1	-13.2

Source: MLVT's calculation based on the Cambodia Labour Force Survey 2019, 2025.

PART 4: RETURN MIGRATION AND LABOUR MARKET REINTEGRATION

4.1 Background and scale of the shock

The return of Cambodian workers from Thailand created a large and sudden labour market shock that tested the country's reintegration capacity. By the end of May 2025, about 1.30 million Cambodian workers were living and working in Thailand, mainly in agriculture, construction, food processing, manufacturing, and services. After the conflict with Thailand in July 2025, about 1 million Cambodian migrants have returned to Cambodia, yet some of them went back to Thailand, resulting in a stock of approximately 750 thousand returned migrants in Cambodia. This situation has created an abrupt rise in domestic labour supply and temporary pressure on labour market adjustment mechanisms.

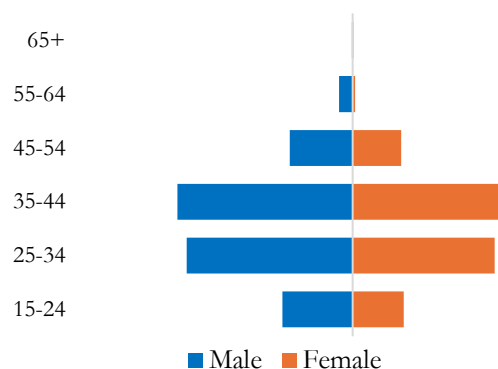
The return shock, however, occurred in an economy where domestic employment demand remained relatively strong. This is an important point for interpretation. The challenge was not simply that a large number of workers returned to an economy without jobs; rather, many workers returned to a labour market that still had vacancies, but where those opportunities were unevenly distributed across sectors, provinces, and skill requirements. The return migration episode therefore exposed the frictions that arise when labour supply expands rapidly in a labour market that is growing but not necessarily aligned with workers' profiles and locations.

4.2 Profile of returned migrants

Returned migrants were predominantly of prime working age, indicating that their reintegration has direct implications for labour supply, household income, and

productive employment. The survey conducted by the MLVT covered 1,115 returnees from Thailand. Returnees aged 35–44 formed the largest group, accounting for 37.2 percent of respondents, followed by those aged 25–34 at 34.6 percent. Together, these two age groups represented 71.8 percent of surveyed returnees, while 85.5 percent were aged 15–44. Returnees aged 45–54 accounted for 12.6 percent, and only 2.0 percent were aged 55 or above. The concentration among prime-age returnees suggests that most of them had substantial potential to re-enter employment, although many were also likely to have family responsibilities and therefore required timely access to stable income opportunities.

Figure 6. Share of returnees by age group (aged 15+)



Source: MLVT Survey of Returned Migrants from Thailand, conducted in October 2025.

Note: Sample size: 1,115. Percentages may not sum to 100 because of rounding.

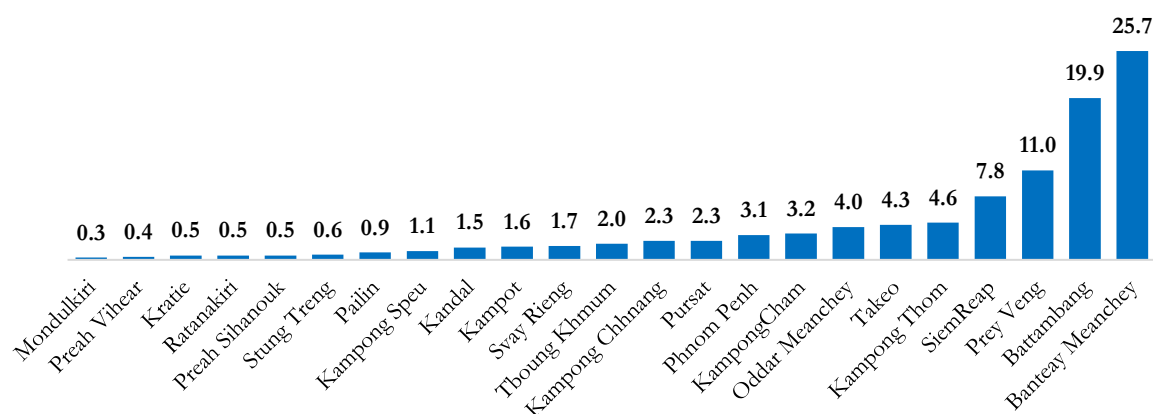
Returnees were geographically concentrated in a few provinces, particularly along the northwestern border and in major migrant-sending areas. Banteay Meanchey accounted for 25.7 percent of respondents, followed by Battambang at 19.9 percent and Prey Veng at 11.0 percent. Siem Reap represented a further 7.8 percent, while Kampong Thom and Takeo accounted for 4.6 percent and 4.3 percent,

respectively. The three largest provinces alone represented 56.6 percent of surveyed returnees. This concentration reinforces the need for geographically targeted reintegration measures, including mobile employment services, province-specific vacancy information, localized training, and mobility support linking workers in returnee-concentrated provinces with employment opportunities in industrial growth centres.

The educational profile of returnees was heavily concentrated at the lower end of the education distribution, which may limit their access to more specialized and higher-productivity jobs. Around 42.5 percent had completed only primary school,

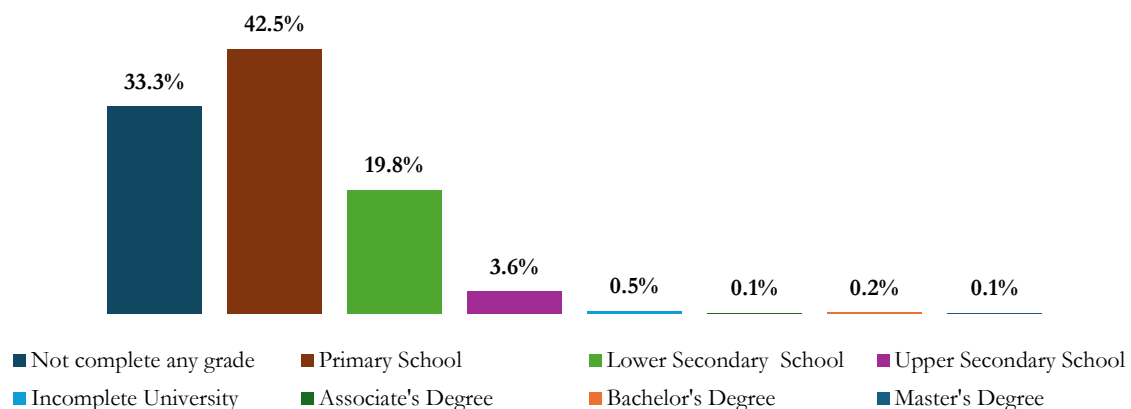
while 33.3 percent had not completed any grade and 19.8 percent had completed lower secondary education. Only 3.6 percent had completed upper secondary school, and approximately 0.9 percent had entered or completed tertiary education. Overall, about three-quarters of surveyed returnees had no completed grade or only primary education. These findings indicate that reintegration support should prioritize practical, short-cycle and competency-based training, while Recognition of Prior Learning can help experienced workers obtain formal certification without requiring them to re-enter lengthy academic programmes.

Figure 7. Share of returnees by province (in percentage)



Source: MLVT Survey of Returned Migrants from Thailand, conducted in October 2025.

Figure 8. Educational level of returnees from Thailand



Source: MLVT Survey of Returned Migrants from Thailand, conducted in October 2025.

4.3 Labour market reintegration

Cambodia's labour market absorbed a large number of returnees, but reintegration outcomes were mixed in terms of quality and security. Of about 750 thousand returned migrants living in Cambodia, approximately 650 thousand had secured employment as of June 2026. This suggests substantial absorptive capacity in aggregate, especially given the speed and scale of the inflow. These figures show that the reintegration challenge was substantial both in scale and in its potential implications for employment, job quality, and regional labour market pressures.

A key feature of the reintegration process was the near-even split between formal and informal re-employment. Of the 650 thousand employed returnees, about 360 thousand had entered formal employment (See Table 11) and others had been absorbed into informal work. This shows that the domestic labour market was able to prevent a much larger unemployment crisis, but that a considerable share of re-integration occurred through more fragile and lower-security channels. The reintegration process was therefore effective in absorbing labour.

The role of informal work in labour market adjustment was especially important.

MLVT records show that, in addition to workers placed through direct support mechanisms, many returnees were absorbed into family-based agriculture, commercial farming, construction sites, handicrafts, restaurants, and other informal economic activities. This highlights the continued role of the informal economy as a labour market buffer in times of shock. It also underlines a broader policy concern: immediate labour absorption does not always imply durable reintegration or improved job quality.

NEA will sustain its reintegration efforts through a multi-channel strategy focused on digital continuity, expanded data collection, and scaled institutional forums.

To ensure ongoing support, the NEA is maintaining the 1297 Hotline and Telegram Bot while partnering with private agencies and leveraging social media platforms like TikTok, Telegram, and LinkedIn to aggregate both formal and informal vacancies. Furthermore, the agency is scaling its institutional forums to bring NEA, NSSF, and TVET services directly to job seekers and returnees in their home communities.

Table 11. Job placement for returnees by capital/province and sector

No.	Capital/Province	Job placement			
		Agriculture	Industry	Service	Total
	Total	37,287 (10.5%)	295,388 (83.0%)	23,123 (6.5%)	355,798
1	Kampong Speu	757	78,634	1,214	80,605
2	Phnom Penh	84	64,360	8,881	73,325
3	Kandal	0	46,553	249	46,802
4	Svay Rieng	0	34,452	2,728	37,180
5	Takeo	94	28,144	306	28,544
6	Kampong Chhnang	0	12,821	36	12,857
7	Sihanoukville	2,875	8,699	2,629	14,203
8	Ratanakiri	7,941	113	35	8,089

No.	Capital/Province	Job placement			
		Agriculture	Industry	Service	Total
9	Kampong Cham	2,660	4,754	186	7,600
10	Kratie	12,348	1,222	2	13,572
11	Pursat	18	4,688	548	5,254
12	Koh Kong	0	6,295	274	6,569
13	Stung Treng	3,329	42	386	3,757
14	Kampong Thom	2,912	140	372	3,424
15	Banteay Meanchey	28	797	906	1,731
16	Kampot	6	644	994	1,644
17	Tbong Khmum	658	420	432	1,510
18	Pailin	1,293	108	546	1,947
19	Mondulhiri	1,099	0	168	1,267
20	Siem Reap	103	446	828	1,377
21	Battambang	122	920	455	1,497
22	Prey Veng	0	738	309	1,047
23	Oddar Meanchey	836	48	95	979
24	Preah Vihear	124	143	413	680
25	Kep	0	207	131	338

Source: NEA.

Note: Job placement in the formal sector through the mechanism of the MLVT (From July 4, 2025 to June, 2026).

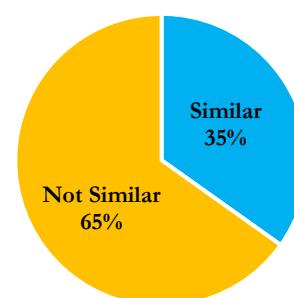
4.4 Skills mismatch and labour market frictions among returnees

The main reintegration challenge was not only the number of available jobs, but the mismatch between worker profiles and the structure of domestic labour demand.

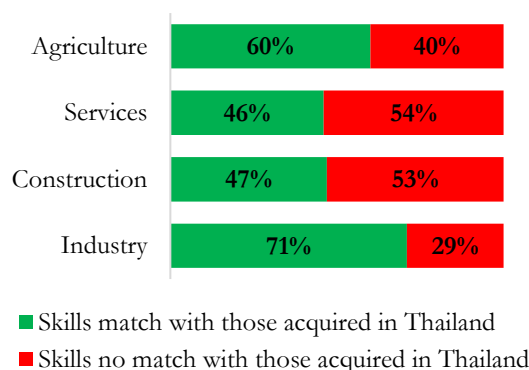
The evidence from above returnees survey also shows that about 65 percent of employed returnees were working in jobs different from the roles they held in Thailand (see Figure 9). Survey results further revealed the mismatched of migrants' new job with those acquired in Thailand (see Figure 10). In agriculture sector, only 60% showing that skills acquired in Thailand match with Cambodia's agriculture sector; whereas in services and construction, only 46% and 47% respectively, showing skill match of migrant's new jobs in Cambodia to those acquired in Thailand. Interestingly, in industry, 71%

showing that skills acquired in Thailand match with Cambodia's industry sector, which is significantly high compare to other sectors. These findings underscore the importance of aligning reintegration policies with the specific skill needs of Cambodia's labour market, particularly in services and construction where mismatches are most pronounced.

Figure 9. Current job's similarity to the job they used to do in Thailand



Source: MLVT Survey of Returned Migrants from Thailand, conducted in October 2025.

Figure 10. Skills match of migrants' new jobs with those acquired in Thailand

Source: MLVT Survey of Returned Migrants from Thailand, conducted in October 2025.

This mismatch has both productivity and welfare implications. When workers re-enter jobs that differ substantially from their prior occupations, part of their accumulated experience may be lost or underutilized. This can reduce earnings potential, slow reintegration into stable employment, and weaken the contribution that returned workers could otherwise make to higher-value domestic production. In that sense, the return migration shock revealed a broader labour market issue: job creation by itself is not enough if the economy lacks mechanisms to translate prior work experience into recognized and productive domestic employment.

Geographic mismatch further complicated reintegration by separating labour supply from the main centres of labour demand.

Returnees were concentrated in border provinces such as Banteay Meanchey and Battambang, while many employment opportunities were clustered in Phnom Penh and Kandal. This meant that workers often returned to places where jobs were limited, while the areas with the strongest labour demand were located elsewhere. Therefore, reintegration depended not only on vacancy availability, but also on mobility, relocation support, and access to local labour market information.

The spatial challenge was reinforced by the distribution of service infrastructure.

Although NEA had 14 job centres and 7 mobile job centres, the bulk of returnees remained concentrated in border areas. This limited the effectiveness of conventional, centre-based placement mechanisms and increased the need for localized employment services, relocation support, and community-level labour market information. The episode illustrates how geographic imbalance can slow labour market adjustment even when aggregate labour demand remains strong.

4.5 Relocation-support mechanisms and employment services response

The policy response combined real-time vacancy collection, decentralized matching, and skills pathways to support reintegration.

MLVT's support mechanisms were built around three broad functions: collecting and disseminating job vacancy information, taking job-matching services closer to returnees in high-migration provinces, and providing skills pathways to help workers move into domestic employment. This combination mattered because the return migration shock was simultaneously a demand-information problem, a mobility problem, and a skills-recognition problem.

Vacancy collection and dissemination became a central tool in connecting border-based jobseekers with opportunities in industrial centres. MLVT strengthened NEA's role in collecting vacancy information directly from enterprises and factories through site visits, outreach in special economic zones, industrial parks, and factory clusters, and wider dissemination through the 1297 Hotline and digital platforms such as Facebook, Telegram, and TikTok. Highway billboard campaigns and job-matching support services—including CV preparation, interview coaching, and transportation support—

were also used to reduce search costs and improve access to job opportunities.

The job-matching services were also decentralized to reach returnees in their home provinces rather than requiring them to travel to Phnom Penh. From June 16, 2025 to June 30, 2026, a total of 617 forums covering employment, social security, and vocational training were organized across 20 provinces. These events attracted more than 177 thousand participants, and about 73 thousand individuals secured immediate employment. These figures suggest that labour market intermediation operated at substantial scale during the reintegration period.

Administrative placement outcomes confirm that active labour market measures were a major part of the reintegration effort. The broader lesson is that reintegration worked better when information, placement services, and mobility support were delivered together. In a context where jobs were available but unevenly distributed, this type of integrated response helped reduce the lag between return, registration, and re-entry into employment.

4.6 Targeted assistance for vulnerable groups

The reintegration strategy recognized that different groups of returnees faced different employability barriers and therefore required differentiated support. Rather than relying on a single training model, MLVT designed a package of targeted skills-development responses tailored to age, prior experience, and likely sector of re-employment. This is an important strength of the response because the returnee population was heterogeneous, with prime-age workers, older workers, and sector-specific groups facing different reintegration pathways.

For younger unemployed returnees, the main instrument was short-cycle formal training. The TVET C1 programme was designed for unemployed returnees under 40, with an initial Phase 1 target of 25,000 trainees (see Table 12). This programme provides a relatively direct pathway into formal training and is intended to help younger workers reconnect with domestic labour demand through short-cycle, structured skills development.

For older workers, the strategy focused on shorter and more flexible training options linked to agriculture and services. Voucher Skills Training was designed in two formats for workers aged 40 and above: a one-week programme targeting 15,000 trainees, and a one-month programme targeting 10,000 trainees with deeper skill needs. This distinction reflects the reality that older workers may require more localized and practical support, particularly where mobility is lower and the transition into long-duration formal training is more difficult.

Recognition of Prior Learning and pre-employment support were intended to help specific groups translate existing experience into employability. The RPL programme targets 10,000 experienced construction workers through assessment and certification of existing skills, while pre-employment training for the garment industry is being delivered through Skill Development Fund (SDF) collaboration for returnees seeking factory placement. These targeted instruments are important because they address a core weakness identified earlier in the chapter that many returnees possess relevant experience, but lack the certification or transition support needed to convert that experience into domestic jobs.

Table 12. Training program for different targeted groups

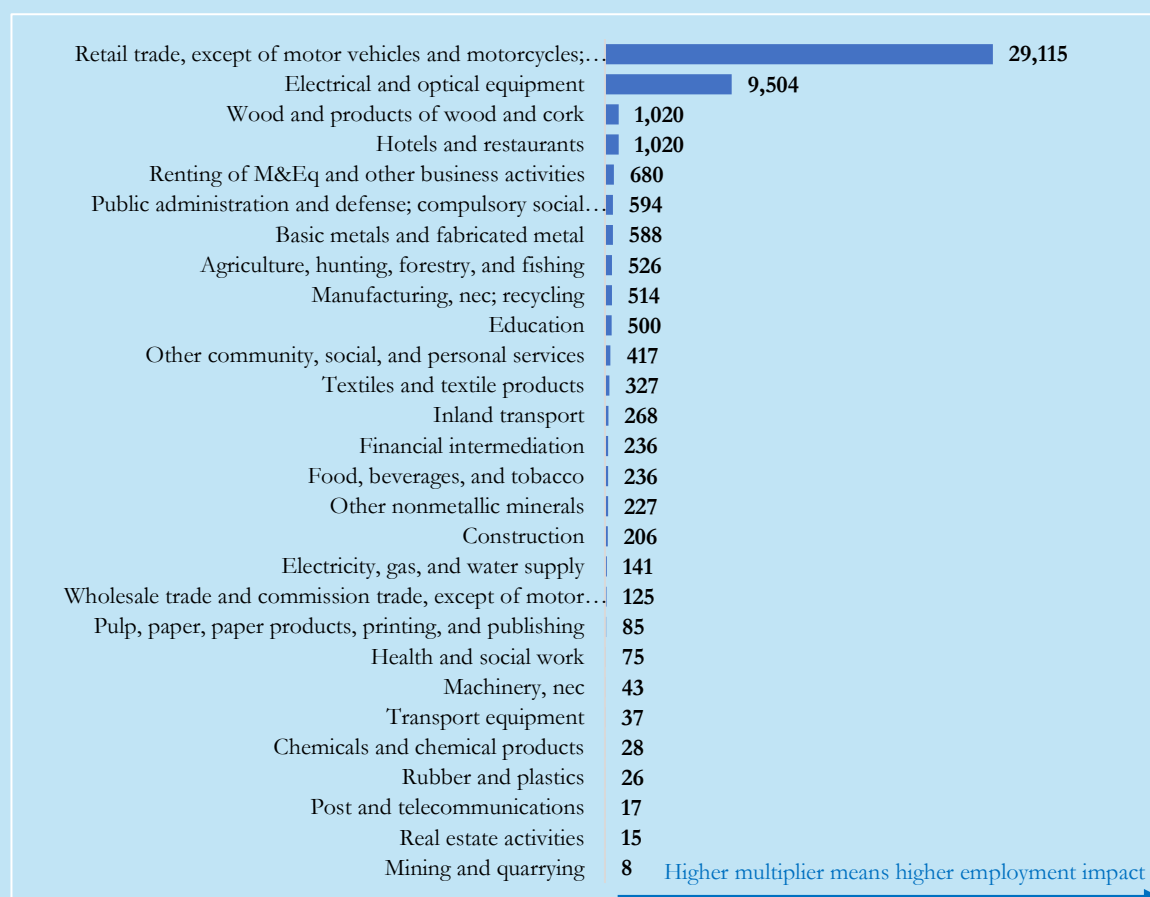
Program	Targeted Groups	Scale	Format
TVET C1	Under 40 years; unemployed returnees	25,000 trainees (Phase 1)	Short-cycle formal training
Voucher Skills Training (VST) — 1-week	40+ years; agriculture & services focus	15,000 trainees	1-week training
Voucher Skills Training (VST) — 1-month	40+ years; agriculture & services focus (deeper skill needs)	10,000 trainees	1-month training
Recognition of Prior Learning (RPL)	Experienced construction workers	10,000 workers	Assessment and certification of existing skills
Pre-Employment Training for Garment Industry	Returnees targeting garment industry	Via SDF collaboration	Pre-employment readiness for factory placement

Source: MLVT.

Box 2. Priority sector identification based on the I-O analysis

Priority sectors should be identified not only by how many jobs they can create directly, but also by how strongly they stimulate activity across the wider economy. Figure 11 presents the employment multiplier, which measures **the number of jobs generated per USD 1 million of investment**. Sectors with a higher employment multiplier are more labour-intensive and therefore more useful for rapid labour absorption. The multiplier values show that sectors, such as retail trade, electrical and optical equipment, wood and wood products, hotels and restaurants, renting and business activities, public administration, and agriculture, may offer stronger short-term potential for absorbing workers, including returned migrants, especially where the policy objective is to expand employment quickly.

Input–output linkages add a second and equally important lens for sectoral prioritization. While the employment multiplier measures direct job creation, backward and forward linkages show how growth in one sector affects the demand for inputs from upstream industries and provides important inputs to downstream activities. The linkage results suggest that some sectors have stronger multiplier effects than others. Hotels and restaurants, for example, show strong backward linkages. Therefore, growth in this sector can create demand in upstream sectors, such as food production, transportation, and related services. Inland transport demonstrates strong forward linkages, establishing this sector as a crucial facilitator of activity in other sectors. Electricity, gas, and water supply, along with postal and telecommunications services, seem to have significant two-way connections. This suggests they are important supporting sectors within the larger production system.

Figure 11. Employment multiplier by sector (employment generated per 1 million USD of investment)

Source: MLVT's calculation based on I-O table from ADB.

Consequently, the policy should prioritize sectors for returning migrants, balancing the immediate need for jobs with the broader effects on the economy. Sectors with high employment multiplier and labour intensity are especially beneficial for short-term reintegration because they can quickly absorb workers. Conversely, sectors with stronger backward and forward linkages may create broader economic effects and foster more lasting employment growth over time (see Table 13). **Therefore, reintegration policies for returning migrants should not only focus on immediate job placement; they should also identify sectors that can support more lasting employment opportunities and contribute to wider economic recovery.**

Figure 12. Classification of the backward and forward linkages' results

		Forward linkages	
		Low (< 1)	High (> 1)
Backward linkages	Low (< 1)	Weak linkages sector (W)	Strong forward linkage sector (F)
	High (> 1)	Strong backward linkage sector (B)	Key sector (K)

Source: Temursbo, U. (2016).

Table 13. Backward and forward linkage for different targeted groups

Sub-Sector	2018		2022	
	BACKWARD LINKAGES	FORWARD LINKAGES	BACKWARD LINKAGES	FORWARD LINKAGES
Agriculture, hunting, forestry, and fishing	0.888	0.882	0.898	0.888
Mining and quarrying	0.869	1.092	0.872	1.048
Food, beverages, and tobacco	1.283	0.931	1.253	0.922
Textiles and textile products	1.048	0.933	0.944	0.932
Wood and products of wood and cork	1.215	1.040	1.240	0.968
Pulp, paper, paper products, printing, and publishing	1.057	0.797	0.995	0.857
Chemicals and chemical products	0.943	1.200	0.922	1.107
Rubber and plastics	0.971	1.087	0.890	1.068
Other nonmetallic minerals	0.939	1.168	0.904	1.159
Basic metals and fabricated metal	0.926	1.084	0.912	0.959
Machinery, nec	0.776	1.032	0.847	1.020
Electrical and optical equipment	0.850	0.963	0.890	0.931
Transport equipment	0.848	0.767	0.875	0.826
Manufacturing, nec; recycling	0.828	1.037	0.853	1.029
Electricity, gas, and water supply	1.100	1.088	1.001	1.160
Construction	0.943	0.926	0.898	0.951
Wholesale trade and commission trade, except of motor vehicles and motorcycles	0.995	0.945	1.026	0.938
Retail trade, except of motor vehicles and motorcycles; repair of household goods	0.991	0.980	0.997	0.967
Hotels and restaurants	1.268	0.899	1.294	0.920
Inland transport	0.924	1.300	0.930	1.250
Post and telecommunications	1.081	1.134	1.108	1.115
Financial intermediation	0.912	1.107	0.961	1.076
Real estate activities	1.164	1.071	1.208	1.134
Renting of M&Eq and other business activities	1.217	1.307	1.236	1.271
Public administration and defense; compulsory social security	1.123	0.792	1.167	0.834
Education	0.978	0.731	1.003	0.806
Health and social work	0.914	0.731	0.919	0.805

Source: MLVT's calculation based on I-O table from ADB.

4.7 Overseas labour market pathways

The reintegration strategy also includes an external labour market component to relieve domestic absorption pressure and expand options for workers. In 2026, the Ministry plans to deploy an additional 44,000 workers to existing overseas labour markets to

help absorb returnees from Thailand and new labour market entrants. In addition, nearly 4,000 placements are planned through new destination markets. This indicates that reintegration policy is not limited to domestic job placement, but also includes managed labour mobility as part of the broader adjustment strategy.

Existing overseas labour market channels are already substantial and geographically diverse. Current plans include sending 8,000 workers to Japan, 9,000 to Korea, 2,000 to Singapore, 20,000 to Malaysia, and 5,000 to Israel through a mix of existing systems, MoUs, and sectoral arrangements (see Table 14). New destination markets under review or development include Brunei, selected European countries, the United Arab Emirates, Russia, cruise ship work, and Australia through technical internship or bilateral cooperation arrangements. These pathways can play a complementary role in reducing pressure on the domestic labour market, though their long-term effectiveness will depend on worker protection, market demand, and the quality of recruitment systems.

Overseas pathways should therefore be seen as a complementary adjustment channel rather than a substitute for domestic reintegration. They can expand employment options and relieve short-term labour market pressure, but their value depends on governance quality, protection standards, and the sustainability of demand in destination countries. The policy objective should be to integrate external deployment into a broader labour market strategy rather than treat it as an independent solution to domestic reintegration challenges.

4.8 Employer coordination, safeguards, and strategic priorities for 2026

Employer coordination emerged as a critical element of the reintegration effort, especially for connecting rural and border-based workers to factory and SEZ opportunities. 1,604 on-site visits to factories was reported, during which the Ministry engaged managers and HR staff directly, provided guidance on inclusive recruitment language, and supported employers in training and retaining new workers. Recruiters and HR managers from manufacturing and construction were also

brought into communes through Career, Social Security, and Vocational Training Forums, allowing face-to-face interviews and on-the-spot hiring.

Safeguards against administrative exclusion were strengthened. To prevent discrimination against returnees lacking full documentation, the Ministry issued notices and compliance measures, including fines, against enterprises requiring National ID cards as a prerequisite for application. Employers were instructed to accept alternative forms of identification, including birth certificates, family books, passports, travel documents, and Cambodia–Thailand border cards. This reduced administrative barriers to immediate labour market entry and enabled workers to access NSSF benefits more quickly.

The 2026 strategic agenda suggest that reintegration is being institutionalized rather than treated as a one-off emergency response. Specifically, the agenda includes continued strengthening of employment services and the 1297 Hotline, expansion of overseas labour markets, regular production of labour market demand reports and job outlooks, stronger labour migration governance, expanded social security coverage, quarterly stakeholder forums to improve NSSF service delivery, continued implementation of TVET for 1.5 million youth from poor and at-risk households, subsidized RPL in priority construction skills beginning in April 2026, expansion of mobile training units, closer cooperation with the Ministry of Education on the new vocational pathway near SEZs, and finalization of the National Technical Vocational Education and Training Policy (NTVET), and the National Employment Policy. Together, these measures indicate a shift from emergency labour absorption toward a more durable labour market architecture for reintegration and workforce transition.

Table 14. Existing and new overseas labour market for returnees

Countries	Number of workers	Mechanisms
Existing overseas labour markets		
Japan	8,000 workers	Sending through existing mechanisms and negotiating on a new MoU under the Employment for Skill Development System
Korea	9,000 workers	Sending under Employment Permit System
Singapore	2,000 workers	Sending by sectors under Non-Traditional Sources
Malaysia	20,000 workers	Sending via MoU (2 nd discussion meeting held on 26-27 January 2026)
Israel	5,000 workers	The ministry signed an agreement to send workers to work in the agricultural sector in December 2025, and sending workers to the construction sector will begin in 2026.
New destination markets		
Brunei	Nearly 4,000 workers	Reviewing the MoU and study to allow private recruitment agencies to sending workers
European countries		Assessing labour demands by country
United Arab Emirates		Sent the draft MoU to the UAE side on August 25, 2025.
Russia		Will make a study visit to Russia in March 2026
Cruise ship work		Preparing the forms and conditions in accordance with the procedure
Australia		Sending technical students to intern in workshops, construction sites, and farms under the cooperation agreement on technical and vocational training

Source: MLVT.

4.9 Conclusion

The return migration shock showed that **Cambodia has significant labour absorptive capacity, but also exposed deep matching frictions in the labour market.** A large share of returnees found work in a relatively short period, and the policy response was able to mobilize substantial vacancy collection, decentralized job matching, and targeted training support. Yet some returnees remained unemployed while many were absorbed into informal activities, and many entered jobs that did not align closely with their previous work experience. Therefore, reintegration was real, but uneven.

The main lesson is that future labour market shock preparation will require stronger systems for matching, mobility, and skills recognition. Real-time vacancy intelligence, local outreach, and differentiated training responses proved valuable during this episode, but structural and spatial mismatches remained significant. More effective reintegration will depend on the ability to connect workers to suitable jobs more quickly, support movement to high-demand provinces where appropriate, and recognize existing skills so that prior migrant experience is not lost in transition. In that sense, return migration was not only a temporary shock; it was also a revealing test of Cambodia's labour market institutions and their readiness for future displacement episodes.

PART 5: OUTLOOK AND POLICY PRIORITIES

5.1 Near-term labour market outlook

Cambodia's near-term labour market outlook remains broadly positive, but the next phase of adjustment will depend less on the pace of job creation alone and more on the efficiency and quality of labour market transformation. Cambodia's macroeconomic environment remains supportive of continued employment expansion, with official projections indicating growth of around 4.2 percent in 2026, rising to 5.0 percent in 2027 and 5.3 percent in 2028, while inflation is expected to remain moderate at about 2.6 percent in 2025 and 3.8 percent 2026. This combination of continued growth and stable prices supports hiring, household purchasing power, and a more predictable environment for wage-setting and investment. At the same time, the outlook also suggests that stronger labour market performance will increasingly depend on the ability to move workers into more productive sectors and better-quality jobs rather than relying on extensive employment growth alone.

Employment growth is expected to continue, with industry and services remaining the main engines of employment generation. MLVT projections indicate that approximately 316 thousand new jobs could be created in 2026, following an estimated 800 thousand new jobs in 2025. Most of this expansion is expected to be concentrated in textiles and garments, other manufacturing, accommodation and food service activities, wholesale and retail trade, and transportation and storage. These sectors are likely to continue anchoring short-term labour demand, while higher-value activities within manufacturing—particularly

electronics-related production and other industrial activities—offer opportunities to strengthen the quality and productivity of employment growth.

The medium-term outlook also points to tightening labour market conditions rather than a generalized labour surplus.

As discussed earlier in the report, gap analysis suggests that labour shortages are expected to widen over time, reflecting the fact that labour demand is projected to grow faster than domestic labour supply. This implies that Cambodia's central labour market challenge in the next few years will not simply be creating enough jobs, but ensuring that workers have the skills, location, information, and mobility needed to fill available opportunities. In that sense, the labour market outlook is favourable in aggregate, but increasingly demanding in institutional terms.

The main near-term risk is therefore not an economy-wide collapse in labour demand, but uneven adjustment across sectors, regions, and worker groups.

Youth labour force participation remains below pre-pandemic levels, informality continues to dominate much of employment, and the return migration episode has shown that large numbers of workers can still struggle to reconnect quickly to well-matched and secure jobs. At the same time, many of the sectors expected to drive future employment growth will require stronger technical competencies, work readiness, and geographic mobility. This means that the outlook is strongest where labour demand, skills systems, and matching institutions can operate in a coordinated way; where that coordination remains weak, labour market

frictions are likely to persist even under favourable growth conditions.

Moreover, Cambodia's graduation from Least Developed Country status in 2029 is a major development achievement, but it will also create an important labour market adjustment challenge requiring early preparation. The gradual withdrawal of trade preferences, exposure to higher tariffs, and stricter rules of origin could weaken export demand in labour-intensive manufacturing and agriculture, with spillovers to trade, transport, domestic suppliers, enterprise income, and household consumption. Thus, preparations should begin well before graduation through an employment-led transition strategy combining worker reskilling and protection, enterprise productivity upgrading, stronger domestic value chains, market diversification, and improved competitiveness.

5.2 Main policy priorities

The first policy priority is to strengthen job matching and career guidance so that available workers can move more quickly into available jobs. Cambodia's recent experience shows that strong aggregate labour demand does not automatically produce efficient labour allocation. Also, return migration, continuing labour shortages, skills and geographic mismatch, and the prospective employment effects of LDC graduation all point to the need for stronger labour market information systems, more responsive employment services, and better coordination between vacancy collection and jobseeker outreach. Policy efforts should therefore continue to expand real-time labour demand monitoring, strengthen decentralized matching services, and improve the use of digital tools and local job centres to reduce search costs for both workers and employers. These systems should also support the annual monitoring of LDC-related adjustment so

that assistance can be directed quickly toward affected sectors, provinces, enterprises, and worker groups.

The second priority is to accelerate skills alignment and workforce upgrading in sectors driving structural transformation. Employment growth is becoming more concentrated in manufacturing, logistics, hospitality, and other service activities, while higher-value industrial segments are becoming more important to Cambodia's labour market future. This makes it increasingly important that TVET, work-based learning, and short-cycle training programmes respond more directly to employer needs. The ongoing TVET reform agenda—including the expansion of vocational pathways, competency-based training, and Recognition of Prior Learning—provides a strong foundation, but its effectiveness will depend on how quickly it can address the current mismatch between training supply and labour market demand, especially in fast-growing sectors such as manufacturing, electronics, automotive-related activities, and modern services.

The third priority is to improve the quality of labour market adjustment by linking labour absorption more closely to job quality, formalization, and worker protection. Cambodia has demonstrated that it can absorb workers at scale, including under conditions of sudden labour supply shock. However, the continued dominance of informal employment means that much of this absorption still occurs in jobs with weaker income security, lower productivity, and limited access to social protection or skills certification. Policy should therefore focus not only on increasing employment, but also on expanding pathways from informal work into more formal and productive employment through certification, enterprise upgrading, targeted formalization support, and stronger

links between employment services and skills recognition.

The fourth priority is to adopt a place-based approach that links worker mobility, provincial training, and sectoral adjustment. Industrial job creation is concentrated in Phnom Penh, Kandal, Kampong Speu, and other growth corridors, while labour supply pressures are often strongest in border and rural provinces. LDC-related employment risks may also vary geographically because exposed agricultural activities, factories, suppliers, and household enterprises are unevenly distributed across the country. Province-specific labour market monitoring should therefore be combined with relocation support, employer outreach, mobile employment services, and training programmes adapted to local economic structures. A stronger territorial approach would help prevent labour shortages from persisting in growth centres while unemployment, underemployment, or reduced earnings increase in more exposed provinces.

The fifth priority is to deepen employer coordination so that labour market policy remains anchored in actual demand. Cambodia's recent experience with vacancy collection, factory recruitment, and support for returnees shows that employer engagement can materially improve labour absorption. But the same experience also suggests that employer coordination should move beyond short-term hiring support and become more systematic in training design, curriculum updating, forecasting, and labour standards. Stronger public-private coordination would help ensure that industrial expansion is matched by a workforce strategy capable of supporting competitiveness, formalization, and more durable job creation.

A cross-cutting priority is to prepare an employment-led national transition strategy for LDC graduation. Sectoral mitigation can reduce employment pressures, but it cannot fully contain spillovers transmitted through production linkages, enterprise income, household earnings, and consumption. Cambodia should therefore deepen domestic value chains—particularly through upstream investment in textiles, fabric production, dyeing, finishing, and packaging—to meet stricter rules of origin, while accelerating diversification toward higher-value products, new export markets, and sectors less dependent on preferential schemes. Public investment, employment services, and targeted incentives for emerging industries should actively create new jobs during the adjustment period while safeguarding existing employment.

Taken together, these priorities require Cambodia's labour market agenda to move beyond job creation alone and focus on the efficiency, quality, and resilience of adjustment. The country's central challenge is increasingly to improve the efficiency, quality, and resilience of labour market adjustment. This requires better matching, stronger skills alignment, more productive and formal employment pathways, greater geographic responsiveness, deeper employer engagement, and institutions capable of responding quickly to labour market shocks. If these priorities are pursued coherently, Cambodia will be better positioned not only to absorb labour at scale, but also to support a more productive, inclusive, and resilient labour market transition over the medium term.

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APPENDIX

A. Technical terms and definitions

Working-age population: It comprises all persons aged 15–64. This age range is used as the denominator for the CSES labour force participation rate and employment-to-population ratio.

Population aged 15 years and above: This broader population group is used in selected projections in this report to capture persons aged 65 and above who remain economically active. It should be distinguished from the CSES working-age population aged 15–64. The projected population aged 15 and above is derived from the population projection framework and its underlying demographic assumptions.

Labour force, or currently active population: The labour force comprises all persons who were either employed or unemployed during the reference period. CSES applies the currently active population concept using the preceding seven days as the reference period.

Employed population: Employed persons are those who worked for at least one hour during the preceding seven days or who had a job or economic activity from which they were temporarily absent. Unpaid family workers are included among employed persons.

Unemployed population: Unemployed persons are those who simultaneously met three conditions during the reference period: they were without work, were currently available for work, and were actively seeking work.

Population not in the labour force, or currently inactive population: This category comprises persons who were neither employed nor unemployed during the reference period. It may include full-time students, homemakers, retired persons, persons unable to work because of illness or disability, and others who were not actively seeking or available for work.

Labour force participation rate: The labour force participation rate is the labour force expressed as a percentage of the corresponding working-age population.

$$\text{Labour force participation rate (\%)} = \frac{\text{Employed population} + \text{Unemployed population}}{\text{Working-age population}} \times 100$$

Employment-to-population ratio: The employment-to-population ratio—referred to as the employment rate in CSES—is the employed population expressed as a percentage of the corresponding working-age population. This indicator measures the proportion of the population that is employed and differs from the unemployment rate, which uses the labour force as its denominator.

$$\text{Employment-to-population ratio (\%)} = \frac{\text{Employed population}}{\text{Working-age population}} \times 100$$

Unemployment rate: The unemployment rate is the unemployed population expressed as a percentage of the labour force. A low unemployment rate should not, by itself, be interpreted as evidence that all available labour is being used fully, because it does not capture underemployment or persons outside the labour force who may still have an unmet need for employment.

Status in employment: Status in employment describes the relationship of an economically active person to his or her job. CSES distinguishes among employers, own-account workers, employees, unpaid family workers, and other employment statuses.

Labour demand: Labour demand refers to the number of workers required by employers and economic activities. In this report, it is assessed using projected sectoral employment, enterprise vacancies, investment-related employment potential, and administrative labour-demand information.

Labour supply: Labour supply refers to the number of persons available to participate in the labour market. It is derived from the projected population and the applicable labour force participation assumptions, with adjustments for major labour mobility developments.

Labour demand–supply gap: The labour demand–supply gap is calculated as projected labour demand minus projected labour supply. A positive gap indicates that the number of workers required by the economy exceeds the estimated number available to participate. It does not necessarily imply that every available worker will find suitable employment, because skills, occupation, location, and job-quality mismatches may remain.

Education–job mismatch: Education–job mismatch occurs when a worker’s educational attainment does not correspond to the education level normally associated with the worker’s occupation. In this report, workers are classified as matched, underqualified, or overqualified by mapping ISCED education levels against ISCO occupational groups. A worker is underqualified when educational attainment is below the level associated with the occupation and overqualified when it is above that level.

Formal and informal employment: Survey-based estimates of formal and informal employment follow the classification applied in the relevant Labour Force Survey. Administrative counts of formal employees refer to workers recorded in the applicable MLVT or NSSF administrative systems. Survey-based estimates and administrative counts are conceptually different and should not be compared directly without noting their respective coverage.

Potential employment from QIPs: Potential employment refers to the number of jobs declared by investors when applying for QIP approval. It represents planned employment and should not be interpreted as employment already created.

Employment and project realisation: Employment realisation measures how much of the employment declared by approved QIPs has appeared in active NSSF contribution records. Project realisation measures whether an approved QIP enterprise has appeared in the NSSF registry and is therefore treated as having commenced formal operations. The detailed calculations are provided in Appendix C.

Returned migrant or returnee: In this report, the terms “returned migrant” and “returnee” are used interchangeably to refer to Cambodian migrant workers who returned from Thailand following the 2025 border disruption.

B. Methodology for employment projection

Total employment is projected based on two key indicators: (1) sectoral growth provided by the Ministry of Economy and Finance, and (2) the calculation of sectoral employment coefficients. (Employment Coefficient = Workers/Output). This calculation utilizes the Auto-Regressive Integrated Moving Average (ARIMA)¹ and Compound Annual Growth Rate (CAGR)² based on Socio-Economic Survey data from 2000-2023 preliminary data from the 2025 Labour Force Survey.

Key references:

- 1) Ky, S. (2023). Labour demand forecasting: The case of Cambodia. *Bulletin of Applied Economics*, 10(2), 89–105.
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C. Technical note: Measuring QIP project and employment realisation

The QIP project realisation rate and employment realisation rate are used to assess the extent to which approved investment projects have progressed from planned investment into active business operations and actual formal employment. The employment realisation rate measures the proportion of potential jobs declared by approved Qualified Investment Projects that have translated into employment registered with the National Social Security Fund. The project realisation rate measures the proportion of approved QIPs whose enterprises have subsequently registered with the NSSF and are therefore considered to have commenced formal operations.

Data sources and matching procedure

The estimates combine two administrative datasets covering QIPs approved between January 2024 and December 2025. The first is the Council for the Development of Cambodia's QIP database, which records approved projects and the number of potential jobs declared by investors at the time of application. The second is the NSSF contribution registry, which records the number of employees for whom registered employers are actively paying monthly social security contributions. Approved QIPs are matched with their corresponding NSSF employer records using available company registration information.

Because active NSSF contributions indicate the existence of an active employer–employee relationship, the number of contributing employees at QIP-approved enterprises is used as a proxy for realised formal employment. Similarly, the appearance of a QIP enterprise in the NSSF contribution registry is used as an indication that the approved project has become operational and has hired at least one worker.

Employment realisation rate

The employment realisation rate captures the extent to which the potential employment declared at the time of QIP approval has materialised in formal jobs. For each matched QIP

enterprise, the number of employees for whom NSSF contributions are actively paid is compared with the potential job creation recorded in the CDC approval data.

$$\text{Employment realisation rate (\%)} = \frac{\text{Employees with active NSSF contributions at approved QIP enterprises}}{\text{Potential jobs declared by the approved QIP}} \times 100$$

A higher rate indicates that a larger proportion of the employment anticipated at the approval stage has already been realised. The indicator measures the intensity of formal job creation within approved investment projects rather than merely whether a project has started operating.

Project realisation rate

The project realisation rate measures the proportion of approved QIPs that have moved into active formal operation. It is calculated as the ratio of NSSF-registered QIP enterprises to CDC-approved QIPs project. A project is classified as realised when its corresponding enterprise first appears in the NSSF contribution registry, whether registration occurs in the same month as project approval or at a later date. The classification does not depend on the number of employees registered, because the establishment of an active NSSF employer account indicates that the enterprise has commenced formal operations and hired at least one employee.

$$\text{Project realisation rate (\%)} = \frac{\text{Approved QIP enterprises registered with NSSF}}{\text{Total number of QIP projects approved by CDC}} \times 100$$

Unlike the employment realisation rate, which assesses the scale of employment generated, the project realisation rate records whether an approved project has become operational.

Interpretation and limitations

Both indicators should be interpreted as administrative proxies rather than exact measures of total project implementation or employment creation. NSSF records capture only formal employees for whom contributions are actively being paid. Employment that has been created but not yet registered with the NSSF is therefore excluded, as are workers employed by enterprises that have not yet begun making contributions. Similarly, an approved project that has commenced preparatory or informal operations but has not registered with the NSSF will not be classified as realised.

There is also a natural time lag between QIP approval, construction or installation, the commencement of business operations, employee recruitment, and NSSF registration. Consequently, the calculated realisation rates—particularly for recently approved projects—are likely to understate eventual project and employment outcomes. The indicators should therefore be updated regularly as additional projects commence operations and expand their workforce.



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