

**STUDY REPORT ON**

**CONTRIBUTORY CAPACITY OF  
INFORMAL ECONOMY WORKERS  
TO NATIONAL SOCIAL  
SECURITY FUND**



Funded by  
the European Union

Research Consultant: Dr. Tapas R. Dash

This research was written under the project, **“Building Synergies between Social Protection and Public Finance Management,”** with the generous financial support of the European Union. Its contents are the sole responsibility of the author and do not necessarily reflect the views of the European Union.

For further information on the issues raised in this paper, please email [tapas\\_dash@yahoo.co.in](mailto:tapas_dash@yahoo.co.in).

Oxfam Research Reports are written to share research results, to contribute to public debate and to invite feedback on development and donor’s humanitarian policy and practice. They do not necessarily reflect Oxfam policy positions. The views expressed are those of the authors and not necessarily those of Oxfam and donor. This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, written permission must be secured from Oxfam.

Cover photo: Oxfam

Published 2022 by Oxfam in Cambodia

©All rights reserved

# ACKNOWLEDGEMENTS

This research study report is an outcome of the survey on 'Contributory Capacity of Informal Economy Workers to NSSF,' commissioned during September - December 2021. The survey was carried out with the technical and financial support of the OXFAM. The report is the product of a collaborative effort of OXFAM, informal economy workers (sample respondents), key informants, enumerators, data entry operators, research associate, and the research consultant.

It has been an honor for me to take up this consultancy and finally produce the report. I would like to take this opportunity to extend my appreciation to OXFAM Cambodia for assigning me this responsibility and providing me all necessary support to carry out this research study smoothly.

I thank the entire team of OXFAM in Cambodia Social Protection team for their technical inputs in the process of preparing the study report.

**Dr Tapas R. Dash**  
Research Consultant

# TABLE OF CONTENTS

<b>ACKNOWLEDGEMENTS .....</b>	<b>3</b>
<b>LIST OF TABLES, FIGURES AND BOXES .....</b>	<b>5</b>
List of Tables .....	5
List of Figures and Boxes .....	5
List of Figures and Boxes .....	5
<b>LIST OF ACRONYMS .....</b>	<b>6</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>7</b>
<b>1. INTRODUCTION.....</b>	<b>1</b>
1.1. Background .....	11
1.2. Objectives of the Study .....	11
1.3. Study Questions.....	12
1.4. Scope of the Study.....	12
1.5. Organization of the Report .....	12
<b>2. LITERATURE REVIEW.....</b>	<b>12</b>
2.1. Overview of the Cambodian Social Protection System .....	12
2.2. The Exclusion of Informal Economy Workers from the Social Protection System .....	14
2.3. The Costs of Excluding Informal Econ Protection Coverage .....	16
2.5. Barriers/Challenges and Solutions to the Extension of Social Protection Coverage.....	17

<b>3. RESEARCH METHODOLOGY.....</b>	<b>18</b>
3.1. Sample Design .....	18
3.2. Questionnaire Design and Pre-testing .....	19
3.3. Data Collection .....	19
3.4. Data Analysis and Reporting .....	20
3.5. Ethical Considerations.....	20
3.6. Limitations of the Study.....	20
<b>4. STUDY FINDINGS.....</b>	<b>21</b>
4.1. Socio-Demographic Profile of Survey Respondents .....	21
4.2. Understanding about the NSSF .....	24
4.3. Need for Social Protection .....	27
4.4. Priorities, and Contribution to Social Security Schemes .....	31
<b>5. CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>38</b>
5.1. Conclusions.....	38
5.2. Recommendations .....	39
<b>REFERENCES .....</b>	<b>41</b>
<b>ANNEXES.....</b>	<b>43</b>
<b>ANNEX 1: SURVEY QUESTIONNAIRE FOR INFORMAL ECONOMY WORKERS .....</b>	<b>43</b>
<b>ANNEX 2: QUESTIONNAIRE FOR KEY INFORMANT INTERVIEWS .....</b>	<b>50</b>

# LIST OF TABLES, FIGURES AND BOXES

## List of tables

- Table 2.1: Programs under Social Assistance and Social Insurance
- Table 2.2: Current National Social Protection Schemes Implemented by Different Key Actors
- Table 3.1: Sample size of the target categories of the informal economy workers
- Table 3.2: Categories of KIs
- Table 4.1: Profile of the Survey Respondents
- Table 4.2: Number of Earning Members in Respondents' Households
- Table 4.3: Awareness of the Informal Economy Workers about the NSSF
- Table 4.4: Level of Knowledge of Informal Economy Workers about the NSSF Provisions
- Table 4.5: Average Self-score of the Level of Understanding of the Respondents
- Table 4.6: Planning to Meet Long-term Sickness/Injury or Disability
- Table 4.7: Financial Preparation for Retirement by the Respondents
- Table 4.8: Necessity of joining the NSSF
- Table 4.9: Responses on Monthly Income Fluctuations
- Table 4.10: Responses on Contribution Timing to the NSSF
- Table 4.11: Average Score of the Level of Commitment of the Respondents to Contribute to NSSF

## List of figures and boxes

- Figure 4.1: Gender Distribution of Sample Respondents
- Figure 4.2: Respondents by Age-Group, %
- Figure 4.3: Age-Group Distribution of Sample Respondents
- Figure 4.4: Educational levels of Respondents

Figure 4.5: Marital Status of Sample Respondents, %

Figure 4.6: Awareness about the NSSF

Figure 4.7: Knowledge about Membership Contribution

Figure 4.8: Importance of Sharing Information

Figure 4.9: Better ways of sharing Information

Figure 4.10: Present Income to Secure Future Livelihood

Figure 4.11: Presence of Occupational Risks or Health Related Problems

Figure 4.12: Types of Occupational Risks or Health Related Problems

Figure 4.13: Planning to Meet Livelihood during Maternity Period

Figure 4.14: Provision to Secure Old Age Livelihood

Figure 4.15: Provisions to Secure Old Age Livelihood

Figure 4.16: Interest to Join the NSSF

Figure 4.17: Response to Suitable Scheme

Figure 4.18: Average Monthly Income of Respondents

Figure 4.19: Average Monthly Income and Expense of Households

Figure 4.20: Responses about the Months of Earning Falls

Figure 4.21: Capacity of Monthly Contribution to Social Security Fund

Figure 4.22: Barriers to Participate in the NSSF

Figure 4.23: Likely Challenges to Contribute to the NSSF

### **List of figures and boxes**

Box 4.1: Necessity of the Social Security for the Informal Economy Workers

Box 4.2: Capacity of Informal Economy Workers to Contribute to the NSSF

Box 4.3: Government Support to the Informal Economy Workers in terms of their Contributions to the NSSF

# LIST OF ACRONYMS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
CFRS	Cambodia Food Reserve System
CFSWF	Cambodian Food and Service Workers Federation
CSO	Civil Society Organization
HEF	Health Equity Fund
IDEA	Independent Democracy of Informal Economy Association
ILO	International Labor Organization
KI	Key Informant
KIIs	Key Informant Interviews
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MoEYS	Ministry of Education, Youth and Sport
MoH	Ministry of Health
MLVT	Ministry of Labor and Vocational Training
MoSVY	Ministry of Social Affairs, Veterans and Youth Rehabilitation
NCDM	National Committee for Disaster Management
NFV	National Fund for Veterans
NGO	Non-Government Organization
NSPC	National Social Protection Council
NSPPF	National Social Protection Policy Framework

NSSF	National Social Security Fund
NSSFC	National Social Security Fund for Civil Servants
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PWDF	People with Disability Fund
RGC	Royal Government of Cambodia
SKY	Sokapheap Krousat Yeugn
SPSS	Statistical Package for Social Sciences
UNDP	United Nations Development Program
UNICEF	United Nations Children’s Fund
WFP	World Food Programme



# EXECUTIVE SUMMARY

This report provides an overview of the key findings on the contributory capacity of the informal economy workers to the National Social Security Fund (NSSF). OXFAM Cambodia commissioned this study with the purpose to assess the social protection needs and contributory capacity of the informal economy workers in Cambodia. With this purpose in mind, the study seeks to provide answers to vital issues such as the needs and social protection priorities of informal economy workers in Cambodia, currently available NSSF schemes that suit the needs and priorities of informal economy workers, ability of the informal economy workers to contribute to the NSSF on regular basis, the amount informal economy workers would be willing to contribute for the NSSF schemes, key challenges that might hinder the informal economy workers capacity to make contributions, and external barriers that might impede the expansion of the NSSF coverage for the informal economy workers. The study is intended

to support the development of policy options and specific action plans for the expansion of the social security to the informal economy workers in Cambodia.

This study was conducted in the Phnom Penh city during the months of September to December 2021. The survey targeted both male and female informal economy workers (male 204; female 216) of seven categories such as domestic workers, street vendors, waste collectors, workers in transportation, workers in entertainment, construction workers, and workers in food beverages and services and 15 key informants (KIs) to acquire primary data. The survey focused on the following areas:



- ▶ **Informal economy workers' understanding and knowledge about NSSF**
- ▶ **Informal economy workers' needs and priorities for social protection**
- ▶ **Informal economy workers' priorities and contribution to social security schemes**

## Summary of Key Findings

▶ The informal economy workers had significantly limited understanding and knowledge on membership registration to the NSSF, available social security schemes, contribution amount for each scheme by members, benefits of the NSSF membership, including the process of making contribution to the NSSF and the procedure to claim benefits.

Information sharing among the informal economy workers relating to the various provisions of the social security schemes is required to enhance the level of knowledge of the target groups.

- ▶ The female workers (**56.9%**) have a greater concern about their future livelihood than the male workers (**48.6%**), and a higher percentage of the female workers (**58.3%**) would like to depend on their own savings in future in order to meet long-term sickness/injury or disability as compared to their male counterparts. In addition, **35.2%** of the female workers have considered using their own savings for their maternity, hospitalization, and post-delivery expenses.
- ▶ In a majority of the cases, the informal economy workers' present income is not enough to secure their future needs. As such, to tackle the vulnerability of the informal economy workers and their families, there is an urgent need of social protection for the informal economy workers in Cambodia.
- ▶ Based on the nature of job, work settings, and presence of employment injury risk of the informal economy workers, the sample respondents including the Kishave strongly felt

that the healthcare scheme should be considered a priority followed by the employment injury scheme.

- ▶ The study reveals that the informal economy workers are capable of contributing to the NSSF. However, based on the volatility in their monthly income flows and the need to meet their family expenses, a majority of the respondents (**85%**) preferred to contribute less than US\$ 2 per month initially for healthcare scheme. Further, almost half of the respondents (**44.8%**) preferred to contribute monthly, followed by around one-fourth (**25.5%**) who chose quarterly, and just above one-fifth (**21.9%**) who considered to pay half-yearly.
- ▶ The key challenges that might hinder the informal economy workers to make regular contributions to the NSSF were unstable income (**66.2%**), low level of earnings (**55.2%**), financial pressure of the family (**38.6%**), and current debt payment (**34.8%**).
- ▶ The main external barriers that might impede the expansion of the NSSF coverage for the informal economy workers were the lack of

information and awareness about the NSSF (62.4%), lack of information about the benefits of the membership (58.1%), lack of understanding about the membership registration process (54.3%), lack of understanding about the process of making contribution (51.2%), lack of understanding about the benefits claiming procedure (51.7%) and the lack of understanding about the different social security schemes (49.8%).

## Key Recommendations

On the basis of the key findings, this comprehensive contributory study considers the following recommendations as crucial:

**For Royal Government of Cambodia (RGC), Civil Society Organizations (CSOs) and Non-Government Organizations (NGOs)**

- ▶ Disseminate information widely to build understanding and knowledge among the informal economy workers about the NSSF: Information on social security rules, regulations, schemes, benefits, eligibility conditions, membership contribution, administrative

procedures, as well as workers' rights and obligations should be widely disseminated through sources that have the potential to reach the target informal economy workers. This could be done through using social networking sites, conducting events, developing a corresponding app, and organizing meetings and visits to communities. Also, information can be broadcast through public announcements, print media, radio, television, text messages, and billboards.

- ▶ Simplify registration and contribution payment mechanisms: Providing easy and free or low-cost registration is necessary for the informal economy workers to join the NSSF. In this regard, first to extend the process of enrolment of the informal economy workers to the NSSF, CSOs may be entrusted to facilitate the workers in their enrolment process, and the government should coordinate with the CSOs to enable a system that would support this endeavor. Second, as there is no mention in Prakas no. 404 on how informal workers can make contributions, the mechanism relating to the contribution payment should be simplified to enable the informal economy workers to have a hassle-free experience.

## For RGC

- ▶ **Redefine the term of the "informal workers":** The defined term of the "informal workers" as per the inter-ministerial Prakas no. 404, is problematic, as a majority of the informal economy workers work more than 8 hours a day. As such, to classify someone as an informal worker to receive the benefits of the scheme, the International Labor Organization's (ILO's)

definition of “informal workers” should be adopted by the government.

- ▶ **Implement a combination of contributory and non-contributory social protection schemes:** In order to ensure basic social protection to the target group, while at the same time, providing higher levels of protection to those who have some contributory capacities, the government should adopt both the approaches (contributory and non-contributory) to extend social protection in the country.
- ▶ **Adopt flexible payment modalities based on the characteristics and nature of the informal economy workers’ job:** Considering the presence of volatility in the flows of the informal economy workers’ monthly income, to encourage them to successfully make contributions to the NSSF, flexible payment modalities based on the characteristics and nature of their job should be adopted by the authority.
- ▶ **Extend support to the informal economy workers in contributing to the NSSF:** In the light of the causal nature of employment in the informal sector, mechanisms should be in place to support the informal economy workers toward making contributions to the NSSF. The government should consider assisting the poor by subsidizing their contribution. During the first two years, the government should support 50% of the contribution and from the third-year onwards, the workers may be asked to contribute the full amount. Further, the government should make full contribution to the NSSF during shocks or emergencies where the informal economy workers face challenges in maintaining their livelihood.

- ▶ **Develop a policy framework for female workers in the informal sector:** Social protection can play a key role in ensuring income security for women of working age in the form of maternity protection, employment injury protection, and disability benefits. To enable more female workers to participate in the NSSF, the approach of the social protection policies for them in terms of their membership contribution to the NSSF should be changed. Policies should be flexible enough to suit the beneficiaries’ working characteristics. First, the government should consider subsidizing a higher %age of their contribution, and second, flexible payment modalities should be adopted allowing the female workers to avoid making contributions during their critical times like maternity period, hospitalization and post-delivery situations.
- ▶ **Harness digital and mobile technology to facilitate access to social protection:** Using mobile technology will be a great support in enhancing social security delivery to support the

informal economy workers. The government should consider using digital means in support with the private sector and CSOs to extend social security coverage in terms of membership registration, contribution payment, benefits claim, and so on for the efficient and effective delivery of services.

▶ **Pilot selected scheme:**

To assess the suitability and effectiveness of the schemes to different occupational groups including administrative processes, first, the government should

consider piloting one or two schemes such as healthcare and/or occupational risk with only one or two categories of workers.

▶ **Incorporate social security course modules in general education, vocational training, skills development and entrepreneurship programs:**

Social security course modules should be incorporated in general education, vocational training, skills development, and entrepreneurship programs to inform and educate people including the informal economy workers for whom the information on social security is extremely important.

In the light of the contributory study of the informal economy workers to the NSSF, the extension of social security coverage needs to be flexible, affordable, and clearly understood.



# 1. INTRODUCTION

## 1.1. Background

In Cambodia, the informal economy is the lifeline for a large segment of people who fail to find employment in the formal economy. Informal employment includes an estimated 68 percent of the workforce in the Asia and Pacific region and as much as 75 percent in Southeast Asia and the Pacific (ILO, 2018). Although the informal economy workers' contribution to the economy and society through market and non-market activities is significant, they are unfortunately forced to rely on informal wage employment, self-employment, or alternative activities to make their ends meet. The absence of appropriate risk coverage schemes, coupled with occupational risks and poverty, push a large number of informal economy workers into income insecurity. The exclusion from social protection violates their right to social security enshrined in the Universal Declaration of Human Rights (article 22 and 23) and agreed international labor standards such as the ILO Convention 102 on Social Security, the ILO Recommendation 202 on Social Protection Floors, and the ILO Recommendation 204 on the Transition from the Informal to the Formal Economy.

Social protection systems encompass a range of programs, including social assistance and social insurance as well as public employment programs. While social assistance related programs are non-contributory and mostly tax-financed, the

social insurance programs are contributory in nature.

The lack of coverage for most workers in the informal economy signifies the presence of 55 percent of the world's population or more than four billion people who are not covered or are only partially covered by social protection (ILO, 2017). Keeping the informal economy workers outside the social protection coverage contributes to their vulnerability and often creates barriers to their ambitions of engaging in more productive employment and decent work.

The Royal Government of Cambodia has placed social protection at the core of its priorities. The approval of the National Social Protection Policy Framework 2016-2025 (NSPPF), was a milestone which signified the importance placed on social protection by the RGC. Extending social protection to the informal economy workers is one way to support the transition from the informal to the formal

economy as highlighted in the ILO Recommendation 204. In this context, contributing toward the national dialogue on expanding the NSSF coverage for the informal economy workers in Cambodia, it is imperative to acquire knowledge through evidence-based research on the social protection needs and contributory capacity of the informal economy workers. Thus, in the light of the above rationale, the current research study was undertaken under the guidance of the OXFAM in Cambodia Social Protection team.

## 1.2. Objectives of the Study

The overall objective of the study is to assess the social protection needs and contributory capacity of the informal economy workers in Cambodia.

1. Assess the needs and social protection priorities of informal economy workers in Cambodia based on the types of risks they are subjected to in their specific job categories and work settings.
2. Find out the existing NSSF schemes that suit the needs and priorities of the informal economy workers.
3. Assess the ability of the informal economy workers to contribute to the NSSF on a regular basis.
4. Find out the monetary amount the informal economy workers would be willing to contribute to the NSSF schemes.
5. Explore the key challenges that might hinder the capacity of the informal economy workers to make contributions to the NSSF.
6. Identify other external barriers that might impede the expansion of the NSSF coverage for the informal economy workers.
7. Explore the policy options in the light of the expansion of the social security to the informal economy workers.

## 1.3. Study Questions

The contributory capacity study seeks to answer the following main research questions:

1. What are the needs and social protection priorities of the informal economy workers in Cambodia?
2. What are the available NSSF schemes that suit the needs and priorities of the informal economy workers?
3. Would the informal economy workers be able to contribute to the NSSF on a regular basis?
4. How much would the informal economy workers be willing to contribute based on their incomes and for which NSSF schemes?
5. What are the key challenges that might hinder the informal economy workers' capacity to make contributions?
6. What are the other external barriers that might

impede the expansion of the NSSF coverage for the informal economy workers?

7. What policy options could be proposed based on the results for the expansion of the social security to the informal economy workers in Cambodia?

## 1.4. Scope of the Study

Within the given timeframe and budget, the scope of the contributory study involved conducting a desk review, and field survey to collect primary data from 420 informal economy workers categorized into seven groups in the Phnom Penh city. These categories were domestic workers, street vendors, waste collectors, workers in transportation, workers in entertainment, construction workers, and workers in food beverages and services. In addition, primary data from 15 key informants was collected. Based on the review of the relevant policies, legislations, guidelines, and social security related documents including primary data collected from the interviews, this evidence-based research report on the social protection needs and contributory capacity of the informal economy workers has been prepared.

## 1.5. Organization of the Report

This contributory capacity study report consists of five sections and is organized as follows: Section 2 presents an extensive review of literature; section 3 describes the methodology used in the study; section 4 presents the findings of the study broken out into four subsections:

- i) socio-demographic profile of survey respondents;
- ii) understanding about the NSSF;
- iii) need for social protection;
- iv) priorities and contribution to social security schemes; and finally, section 5 discusses the main findings of the study, and presents its conclusions and recommendations. The report is appended with research instrument used in the study for primary data collection.



# 2. LITERATURE REVIEW

## 2.1. Overview of the Cambodian Social Protection System

RGC regards social protection as a critical tool in reducing poverty and vulnerability, improving living standards, and providing a better future for the country. To achieve these goals, the RGC had adopted the Law on Social Security Schemes for Persons Defined by the Provision of the Labor Law in 2002 with the aim of organizing the social security schemes, pension and occupational risks, in the private sector.

Under the Social Security Law, the NSSF was established in 2007 as an independent and autonomous public institution to administer the schemes of social security protection in accordance with the law. The NSSF is technically under the Ministry of Labor and Vocational Training and financially under the Ministry of Economy and Finance (MEF). The NSSF's main mission is to manage the social security schemes by ensuring that contributions from its members (workers) and employers are properly collected, used and invested (Sok, 2018). In addition, to ensure effective multi-sectoral coordination, the National Social Protection Council (NSPC) was established by the RGC, and as per the provision, all operations of the social security schemes shall be coordinated, monitored and oriented in line with policy levels and strategies of the NSPC. As a wing of the RGC, NSPC coordinates and directs the work of formulating social protection strategies and

policies in the country.

In July 2017, the RGC has endorsed the National Social Protection Policy Framework 2016-2025, which aims at harmonizing, integrating, and strengthening existing schemes in order to increase effectiveness, transparency, and consistency of the entire social protection system (RGC, 2016). The NSPPF is the first policy document of its kind in Cambodia to cover social assistance, social insurance, and social health protection, thus providing the basis for the systematization of various schemes and initiatives (OECD, 2017).

The framework has two pillars: social assistance and social insurance. The NSPPF defines social assistance as interventions for the poor and most vulnerable groups through the government budget or Official Development Assistance (ODA), whereas social insurance (social security) is designed to protect people from illnesses, maternity, employment injury, unemployment, invalidity, old age, and death of the breadwinner.

**Table 2.1: Programs under Social Assistance and Social Insurance**

Social Assistance	Social Insurance
• Human development	• Pension
• Emergency response	• Health insurance
• Social welfare for the elderly and disabled	• Employment injuries
• Social health protection	
• Technical and Vocational Education and Training	

*Source: Bunthoeun et al., 2019*

**Table 2.2: Current National Social Protection Schemes Implemented by Different Key Actors**

Social Protection Schemes	Implementation Actors
• Health Equity Fund	• Ministry of Health (MoH)
• National Social Security Fund	• NSSF
• National cash transfer program for COVID-19 response and post lock-down social assistance/cash-transfer scheme	• MoSVY/NSPC
• Pregnant Women Young Children Cash Transfer (for children 0-2 years old) • MoH, MoSAVY/overseen by NSPC	• MoH, MoSAVY/overseen by NSPC
• Cambodia Food Reserve System (CFRS)	• Ministry of Agriculture, Forestry and Fisheries (MAFF), MEF and National Committee for Disaster Management (NCDM)
• School Scholarships	• World Food Programme (WFP) and Ministry of Education, Youth and Sport (MoEYS)
• Mother Child Cash Transfer for Children under 5	• United Nations Children’s Fund (UNICEF)

*Source: Gally, 2021.*

Social assistance programs mainly focus on emergency response, education, and health. The RGC has implemented social assistance programs for more than a decade to ensure the achievement of Cambodia's key development priorities, inclusive growth, poverty reduction, and economic diversification (RGC, 2016). Cambodia has a two-tier system of social insurance: one for private-sector employees and the other for public sector employees. Social insurance is administered through the NSSF and Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY). While the NSSF manages social insurance for private-sector employees, the MoSVY oversees the social insurance for civil servants, police, soldiers, and veterans. Social insurance programs implemented by the RGC are of pension, health insurance, and employment injury.

Despite many significant achievements, Cambodia's current social protection scheme remains insufficient and inefficient. The Organization for Economic Cooperation and Development (OECD) has reported that social insurance in Cambodia is severely fragmented and that it has been poorly developed for the formal sector and it is non-existent for the informal sector. To date, the social assistance lacks consistency across programs regarding targeting criteria, sources of financing, and institutional arrangement. Most of the social assistance programs have uneven coverage, target different geographic location and groups, and have no interoperable information systems or common delivery platforms (World Bank, 2018).

## 2.2. The Exclusion of Informal Economy Workers from the Social Protection System

According to the ILO, the term "informal economy" refers to all the economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangement. The term "informal employment" refers to working arrangements that are de facto or de jure not subject to the national labor legislation, income taxation or entitlement to social protection or certain other employment benefit. "Workers in informal employment" are defined as those who work in informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households; including employees holding informal jobs, employer and own-account workers employed in their own informal sector enterprise; members of informal producers' cooperatives, contributing family

---

<sup>1</sup> ILO (2021), *Extending Social Security to Workers in the Informal Economy: Lessons from International Experience*, International Labor Organization, Geneva, p.3.  
<https://www.social-protection.org/gimi/RessourcePDF.action?id=55728>

workers in formal or informal sector enterprises, and own-account workers engaged in the production of goods for own end use by their households. The informal employment represents 93.1% of the total employment in Cambodia, which is among the highest level in the Asia and Pacific region (ILO, 2021).<sup>1</sup> Along with extremely heterogeneity characteristic of the informal economy, the informal workers are extremely vulnerable as they are at a greater risk of being exposed to serious occupational safety, health hazards, income instability, job insecurity and poor working conditions.<sup>2</sup>

In Cambodia's context, "informal economy" refers to those without a firm, identifiable postal address, those that have self-employed workers and utilize part-time or full-time workers; those that have a lot of labor-intensive operations and quick turnover; those that use energy input from human or animal sources, those about which data is unavailable through census survey; those that are not

legally recognized; those that take place in non-structured premises; those that do not come under any regulations, license, or insurance, and do not pay any tax.

In the capital city of Phnom Penh, informal occupations include self-operators of moto-taxis and cyclos, street vendors, shoes-shiners garbage collectors, street-level vehicle mechanics, curb-side gasoline sellers, masons, construction workers, handicraft producers, dressmakers or tailors, hairdressers, and domestic workers. In rural areas, the informal occupations are centered around agricultural industries and non-farm activities. These include fishing, fish processing, mining, spinning and weaving, food processing, home-based apparel making, furniture manufacturing, vehicle maintenance/repairing, handicraft manufacturing, electricity generation, retail trade, construction and land/water transport. Despite their high numbers and vulnerability, informal workers are not sufficiently and effectively covered by the Cambodian current social protection system.<sup>3</sup> The current legal framework contributes to the exclusion of informal workers as it constrains the participation of certain categories of informal workers in social protection schemes. As seen, informal workers, including wage workers, own account workers, and informal operators, are not covered by Cambodia's Labor Law and this means that they cannot rely on the Social Security Law for any of its benefits and protections.<sup>4</sup>

---

<sup>2</sup>Economic Institute of Cambodia (2006), Decent Work in the Informal Economy in Cambodia: A Literature Review, International Labour Office, Bangkok.  
[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_bk\\_pb\\_132\\_en.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_bk_pb_132_en.pdf)

<sup>3</sup>Economic Institute of Cambodia (2006), Decent Work in the Informal Economy in Cambodia: A Literature Review, International Labour Office, Bangkok, p.13.  
[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_bk\\_pb\\_132\\_en.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_bk_pb_132_en.pdf)

<sup>4</sup>Article 1 of the Law on Social Security Schemes for Persons Defined by the Provisions of the Labor Law states that "this law aims at organizing the Social Security Schemes for Persons defined by provisions of the Labor Law of the Kingdom of Cambodia."

For instance, the largest social protection intervention in terms of coverage is the Health Equity Fund (HEF), which provides access to health care and other benefits to approximately three million poor and vulnerable individuals (one-fifth of the national population) since it was scaled up to nationwide in 2015 (OECD, 2017; Annear et al., 2019). Legally speaking, the scheme was extended to the informal workers following the issue of the inter-ministerial Prakas No. 404 on the Implementation of the Health Equity Fund System for Informal Workers and the Provision of Additional Allowance for Female Workers When Delivery. The inter-ministerial Prakas defined the term “informal worker” as a worker who signs an employment contract, which is not more than eight hours a week, a part-time work, a casual work, or a seasonal work, and has been registered in the National Security Fund. Based on this definition, it is challenging to determine who is classified as an “informal worker” due to the rule of working hours. It is nearly impossible to find any workers in the informal economy who works less than eight hours a week.

Two years after the issue of the Inter-Ministerial Prakas No. 404, the Ministry of Labor and Vocational Training (MLVT) issued a directive aimed at helping informal workers register for their HEF membership card from the National Social Security Fund. According to the directive, associations and NGOs shall help their informal workers register with the NSSF. The conditions are that these associations and NGOs shall have a certified license from the Ministry of Interior or be registered with the MLVT. The workers of the informal sector who are members of associations or NGOs must have a Khmer identity card, and certificates of current occupation and residence issued by the provincial/city authority. The requirement of

current occupation and residence certificates to be issued by the provincial/city authority can be challenging for certain types of informal workers. For instance, literacy rate among street vendors, domestic workers, construction workers, and rubbish scavengers is low, so the prospect of complex administrative procedure hinders them from registration. Furthermore, it is burdensome for informal workers to travel all the way to request certificate from the provincial/city authority but not from their commune/Sangkat authority.

### 2.3. The Costs of Excluding Informal Economy Workers from Social Protection

The exclusion of informal economy workers from social protection creates an enormous and daunting challenge for the economic and social development, especially for countries with high levels of informal employment such as Cambodia (ILO, 2021). In Cambodia, the informal employment in informal sector enterprises constitutes more than 60 % of total employment making Cambodia like Indonesia,

the Philippines and Thailand as country with high informal employment in the ASEAN region signifying the presence of a strong association between the lack of social protection coverage with the lack of formalization of economic units (Nguyen & da Cunha, 2019). Although the RGC has made great strides in expanding the coverage of social protection to workers in the informal economy, evidence shows the gaps still remain wide which hinder the RGC's effort in alleviating poverty and social exclusion.

As the COVID-19 crisis is still unfolding, its impacts have been devastating for many workers in the informal economy and their families. According to the ILO's estimation, almost 1.6 billion informal workers worldwide have been affected by the lockdown and containment measures imposed to slow the virus (ILO, 2021).

The ongoing COVID-19 crisis is affecting Cambodian workers across the board and particularly informal and own-account workers who have very limited access to social protection as many of them either live in poverty or run a serious risk of falling into poverty (ADB, 2020). The findings from the survey conducted by the UNDP has

revealed that by January 2021, one year after the first case of COVID-19 in Cambodia, approximately one in five informal workers have remained unemployed (18%), marking a four-percentage increase as compared to October 2020 (14%). Three in five informal workers (63%) were unable to meet their daily needs, while four in five (80%) reduced their food expenditure. Roughly three in ten informal workers (28 %) borrowed money to purchase basic goods like food. The informal workers who were already in debt, continued to borrow more as they are unable to alleviate their current levels of debt or unable to repay the previous debts. While the income of informal workers has decreased, debt has been increasing and this has affected the wellbeing of families (ActionAid Cambodia & BBC Media Action, 2021).

## 2.4. Approaches to the Extension of Social Protection Coverage

The COVID-19 crisis has compelled many governments around the world, including the RGC to rapidly and effectively implement and extend social protections to poor and vulnerable groups. The RGC has maintained existing social protection programs and rolled out new measures, including cash transfers for households in the IDPoor database and partial wage subsidies for lay-off workers in the tourism, garment, textiles, and footwear sectors (ADB, 2021). The unprecedented measures taken by the RGC present important opportunities to develop strategies for transitioning from emergency relief to longer-term protection for both formal and informal workers.

It is important to note that there is no one-size-fits-all solution for the extension of coverage. In many cases, a combination of approaches and measures is more effective in extending

social protection in an effective and equitable manner (Nguyen & da Cunha, 2019). International experiences reveal that achieving universal coverage and adequate benefit level is possible with the combination of contributory and non-contributory schemes (ILO, 2021). The combination of both the approaches has been and will remain key for the social protection of workers and for extending protection to the informal workers.

Contributory social protection schemes, most commonly social insurance, are important elements of the social security system because these schemes are based on the payment of contributions by the protected persons or their employers. Social insurance has an important role in financing the social security system and can reduce the fiscal burden on the government budget by offering reliable and stable financing mechanisms (ILO, 2021).

For non-contributory schemes, there are no required contributions from protected persons as they are mostly financed directly by the government budget such as general taxation, other state revenues, or in some cases, external grants, or loans. Non-contributory schemes play a key role in ensuring a basic level of protection within the social protection system for poor and vulnerable groups who do not have access to any other mechanisms (ILO, 2021).

The combination of both approaches can ensure basic protection for all, while at the same time, providing higher levels of protection to those who have some contributory capacities (ILO, 2021). Therefore, the RGC should consider adopting both the approaches to extend social protection to informal economy workers.

In addition, the RGC needs to decide whether the extension of coverage should be mandatory or

voluntary, meaning whether the protected person can choose to join the scheme on their own or not. To make that important policy decision, the RGC should carefully assess the contributory capacity of the workers (and possibly their workers). However, empirical evidence suggest that voluntary coverage rarely leads to a significant extension of effective coverage. For instance, the Sokapheap Krousat Yeugn (SKY), which was a community-based insurance scheme launched in 1998 by an NGO that targeted workers in the informal economy, reached only between 3 and 14% of the target population in the implementation districts.

## 2.5. Barriers/ Challenges and Solutions to the Extension of Social Protection Coverage

The literature review shows that extending social protection coverage to informal economy workers is not an easy task and many challenges are expected to arise (ILO, 2021). The potential barriers to social protection coverage for workers in both urban and rural informal economy that the RGC should expect to encounter include but

are not limited to: i) insufficient contributory capacity; ii) complex and burdensome administrative procedures; iii) lack of information, awareness, and trust; and, iv) lack of coordination and integration between social protection policies and related institutions.

### **a) Insufficient contributory capacity**

Workers and employers may face difficulties in making contributions if these are set too high, especially the workers who do not have sufficient contributory capacity. In stable and fluctuating incomes of informal workers can also make it difficult for them to pay on a regular basis. For example, the incomes of the agricultural workers are based on seasonal patterns, making it hard for them to pay on a monthly basis.

### **b) Complex and burdensome administrative procedures**

As literacy rates are low among the informal workers, particularly in the rural setting, they may struggle with time-consuming and complex administrative procedures when registering or paying contribution or accessing benefits or services. Frequent change of jobs of the informal workers can place high burden

on the administration of the scheme. Seasonal workers and other construction workers frequently change jobs and may move between wage employment and self-employment. It is imperative to make sure that changes are correctly and promptly reflected in the administrative records and do not lead to undue breaks in contribution history, which may prevent workers from receiving benefits.

### **c) Lack of information, awareness and trust**

The concept of “social protection” and its benefits is still relatively foreign to the majority of Cambodians, so the lack of information and awareness about social protection schemes may discourage the informal economy workers from register to ones. A lack of trust in the social security institutions and the expectations of the informal economy workers about the return and quality of services may also contribute to the informal workers’ reluctance to join a social security scheme.

### **d) Lack of coordination and integration between social protection policies and related institutions**

Both current social assistance and social insurance schemes are fragmented, and this leads to a lack of coordination and integration between social protection policies and implementing institutions. The fragmented practices, incoordination, and policy incoherence lead to coverage and adequacy gaps, duplication, inefficiencies, and distorted incentive structures (ILO, 2021).

As stated in the National Social Protection Policy Framework 2016–2025, fragmentation among operators is one of the main challenges. Currently, three main operators such as National Social Security Fund (NSSF), National Social Security

Fund for Civil Servants (NSSFC), and National Fund for Veterans (NFV) are working in the pension provision. They have nearly similar functions and responsibilities for their respective target groups. Different public institutions managing different pension schemes for different target groups creates fragmentation. The current pension allowances for civil servants, police officers and soldiers are inconsistent due to divergent laws and regulations, and inconsistencies in the pension benefits lead to resentment among public officials, especially among those who have similar positions but received different pension levels (RGC, 2017, p 21). The separate process of setting up social protection policies in different ministries and institution shows the lack of a unified coordination mechanism (RGC, 2017, p 40). The arrangement has led to inconsistencies, gaps and overlaps of each policy, which negatively impacts the

effectiveness and efficiency in the use of resources, both financial and human. To eliminate the fragmentation among the operators, the RGC is planning to integrate the existing social security operators: NSSFC, NFV, NSSF and People with Disability Fund (PWDF) into one single institution. The new institution will be a public administrative institution to be established by law and tasked with governing and managing all social security schemes including pensions, health insurance, employment injuries insurance, disability insurance and unemployment insurance (RGC, 2017, p 42).



# 3. RESEARCH METHODOLOGY

## 3.1. Sample Design

The study was confined to the urban area of the Phnom Penh city mainly due to the presence of the well diversified business activities and the opportunities for the informal economy workers to engage in various economic activities.

There were two target groups of respondents in the study: informal economy workers and key informants.

The informal economy workers sample size was scientifically determined based on the Cochran (1963:75) formula. With a 96 percent confidence level and having the desired level of precision (margin of error) at 5 percent (0.05), the ideal sample size was determined. The formula used in the study is as follows:

**Table 3.1: Sample Size of the Target Categories of the Informal Economy Workers**

Category of Respondents	Sample Size	Suggested % of Female Representation
Domestic workers	30	100%
Street vendors	91	Above 50%
Waste collectors	21	Around 50%
Workers in transportation	91	Around 5%
Workers in entertainment	21	100%
Construction workers	75	Around 50%
Workers in food beverages & services	91	Around 50%
Total sample respondents	420	Around 50%

*Source: "Kick-off" meeting discussion inputs.*

<sup>5</sup> W. G. Cochran. 1963. *Sampling Techniques*, 2nd Ed., New York: John Wiley and Sons, Inc.

Where,  $n_0$  = Sample size (informal economy workers)

$Z$  = Standard normal variate (at 96% confidence level  $Z$  value is 2.05)

$e$  = Margin of error/desired level of precision (assumed as) 5%, i.e., 0.05

$p$  = Percentage of picking a response (maximum variability of the population at 50%, i.e., 0.5)  $q = 1-p$

By using the given formula, the sample size of the informal economy workers was determined as 420. Based on the “kick-off”

meeting discussion inputs, the following number of samples along with percentage of female representation from the target categories were decided for the study (Table 3.1).

The research team used Snowball sampling to include diverse categories of the informal economy workers to avoid any sort of biasness in the selection of the samples. All the targeted informal economy workers (sample respondents) were Cambodians (Please see the socio-demographic profile in Section 4).

Key informants of the study were drawn based on the discussion with the OXFAM in Cambodia Social Protection team. The study included 15 key informants as follows (Table 3.2):

**Table 3.2: Categories of KIs**

Key Informants	Number
Government officials (national level)	02
Technical experts	02
Trade union leaders	02
Academics/researchers	02
Sangkat chief/deputy chief	02
Partners of Oxfam:	75
Independent Democracy of Informal Economy Association (IDEA)	91
Cambodian Food and Service Workers Federation (CFSWF)	02
Members of the community	03
Total number of KIs	15

## 3.2. Questionnaire Design and Pre-testing

For the research study, two sets of questionnaires meant for the sample informal economy workers and KIs were prepared. The questionnaires were designed by identifying topics to be addressed in the study: needs and social protection priorities of the informal economy workers, available NSSF schemes suitable for the informal economy workers, ability of the informal economy workers to contribute to NSSF on a regular basis, key challenges to make contributions, external barriers to expand the NSSF coverage for the informal economy workers, etc. These topics were then clustered into contributory capacity of the informal economy workers to NSSF with open and close-ended options. Questions and answer options were discussed and adjusted per the feedback and comments from the OXFAM in Cambodia Social Protection team. The questionnaires were translated from English to Khmer and translated back to ensure comprehension and accuracy in translation. Sample questionnaires can be found in Annex 1-2.

The draft questionnaires were pre-tested in Phnom Penh city and were approved by the OXFAM in Cambodia Social Protection team to administer in the field.

## 3.3. Data Collection

**Desk Review:** The consultant reviewed relevant policies, legislations, guidelines, and related social security documents including several study reports on similar and/or relevant topics prior to the primary data collection. This helped broaden the scope of the study as well as provide further information for validation against other sources (Please see the literature review in Section 2).

**Informal Economy Workers Survey:** The interviews with sample respondents were conducted by trained enumerators through face-to-face administration and online by using a semi-structured questionnaire after receiving their verbal consents. Due to the COVID-19 pandemic, standard sanitization and social distancing norms were followed during face-to-face interviews with respondents. The final administered questionnaire includes both open and close-ended questions. The period of data collection spanned approximately two weeks in the month of November 2021.

**Key Informant Interviews (KIs):** The KI interviews were semi-structured and covered the topics mentioned earlier. These interviews were conducted by the consultant and local associate virtually or face-to-face depending on the informants' preference. Verbal consent was sought from the key informants before the interview was conducted. Each key informant interview took approximately one and half hour to complete. The period of interviews spanned approximately three weeks in the month of November – December 2021.

Field Observation: A careful field observation was carried out during the field survey which captured the prevailing environment in target areas as it pertained to the topic of research. Important observations like closure of several business units, educational institutions, markets, and restricted movements of people due to COVID-19 were observed and noted down to inform the research on the current operating environment.

### 3.4. Data Analysis and Reporting

Data analysis in this study was both qualitative and quantitative. The primary data obtained from the informal economy workers were edited before entering into the Statistical Package for Social Sciences (SPSS) for analysis. Open-ended responses were coded to arrive at clusters to tabulate percentage responses. The data was analyzed primarily through frequency tables and cross tabulations to filter the required information. A thematic approach was used to analyze the responses gathered from KIIs. Analysis was taken separately for target categories, and for sub-population (sex) before it was undertaken for the overall group.

### 3.5. Ethical Considerations

To ensure privacy, safety, and security of the sample respondents in all phases, the study team employed a number of ethical principles. Prior to participation in the survey, potential respondents were informed that they had no obligation to participate and would face no penalty if they chose not to participate. As such, their participation in the survey was completely voluntary. Respondents were informed that they were free to withdraw their participation at any time during the interview. They were guaranteed that there would be no pressure on them from withdrawing and accordingly, enumerators were instructed to strictly ensure this during the field survey. As a precautionary measure to ensure that the participants felt safe to answer honestly, the survey team would not allow enumerators to interview any respondents whom they knew previously. To protect the anonymity and confidentiality of the respondents, information gathered would not be shared with any other organization except OXFAM in Cambodia Social Protection team. Additionally, the study team will clean the database soon after the finalisation of the report. Finally, it was guaranteed that the data collected will be used solely for the purpose of the contributory capacity study and any further follow up action.

### 3.6. Limitations of the Study

The potential limitations of the survey include response bias and recall bias. There are many reasons why respondents may provide socially desirable answers (less-than-truthful responses) or incorrectly recall details. The survey attempted to reduce this potential bias by providing respondents with clear information about the

purpose of the study and why they were selected for interview. Further, respondents were ensured that their responses would have no bearing on their participation or lack of participation in this project and that they would never be identified individually or by name in the study report.

Another limitation to the analysis and interpretation is the selection of survey area and distribution of samples in the target area. The survey was carried out in the Phnom Penh city and distribution of the sample among the informal economy workers categories was made arbitrarily with an understanding about their availability. This should be kept in mind while comparing the data between the categories of respondents.

During the data collection process, it proved challenging to find sample respondents as per their category in the target area due to the prevailing COVID-19 pandemic. In addition, some informal economy workers, particularly street vendors and

workers in food beverages and services declined to participate in the survey due to their need to prioritize sales. Therefore, to carry out the field survey smoothly, enumerators approached sample respondents in their convenient time to conduct the interviews.

Lastly, it is important to keep in mind that this study is not intended to be representative of the informal economy workers population of Cambodia. However, as the informal economy workers sample size is statistically determined, we consider the sample as representative of the informal economy workers population in Phnom Penh.



# 4. STUDY FINDINGS

## 4.1. Socio-Demographic Profile of Survey Respondents

The brief profile of the survey respondents is illustrated in Table 4.1. Among 420 total sample respondents, 51.4 percent were female and 48.6 percent were male. While the representation of female respondents among the domestic workers and workers in the entertainment was 100 percent, the representation of male members was highest among the workers in transportation (94.5 percent). The female representation was also found much

above 50.0 percent among waste collectors (71.4 percent), street vendors (65.9 percent), and workers in food beverages and services (54.9 percent). As shown in Figure 4.1, as a whole, there was a marginal difference between the percentage representation of both male and female workers in the survey.

The percentage of survey respondents in the age-group

Figure 4.1: Gender Distribution of Sample Respondents

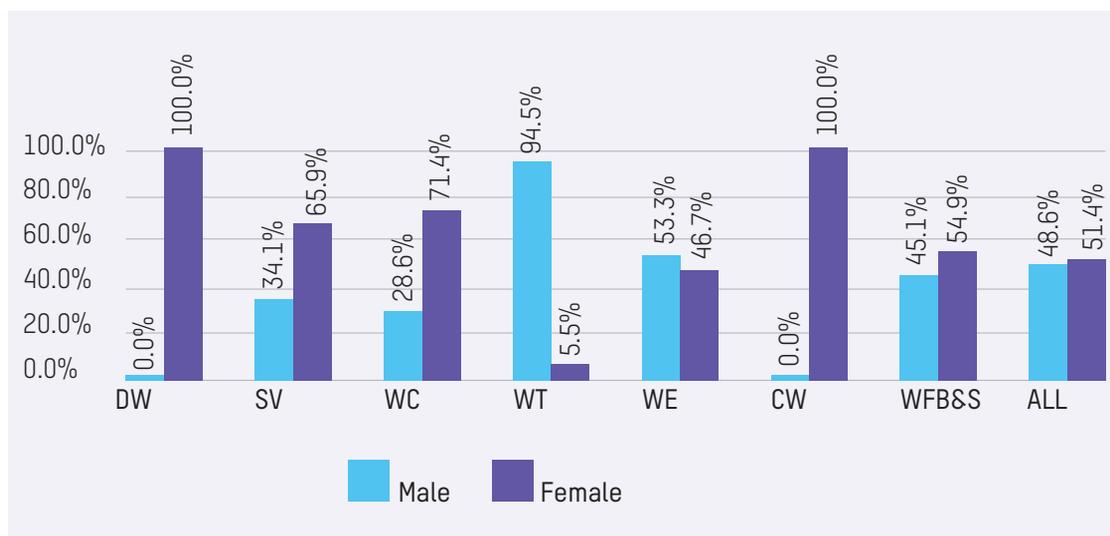


Figure 4.2: Respondents by Age-Group, %

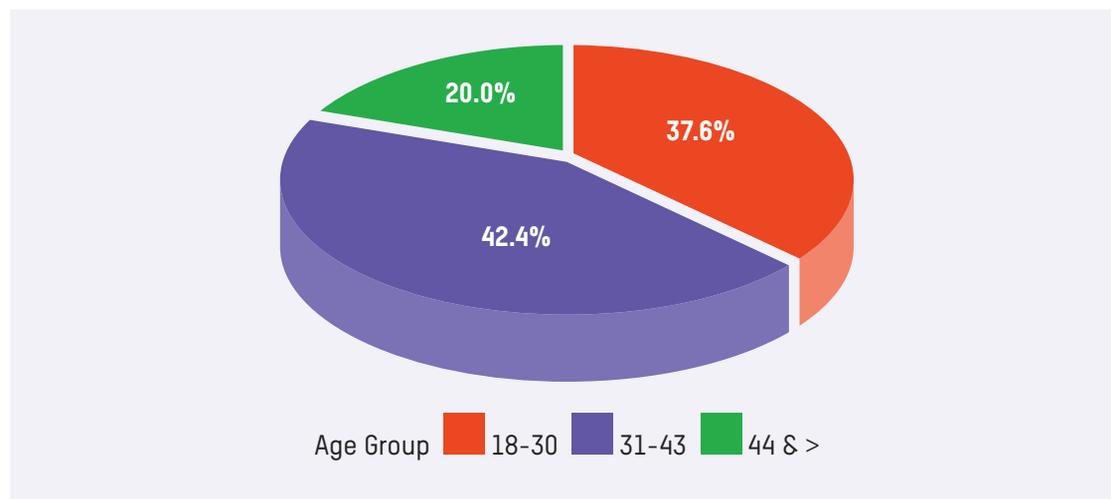
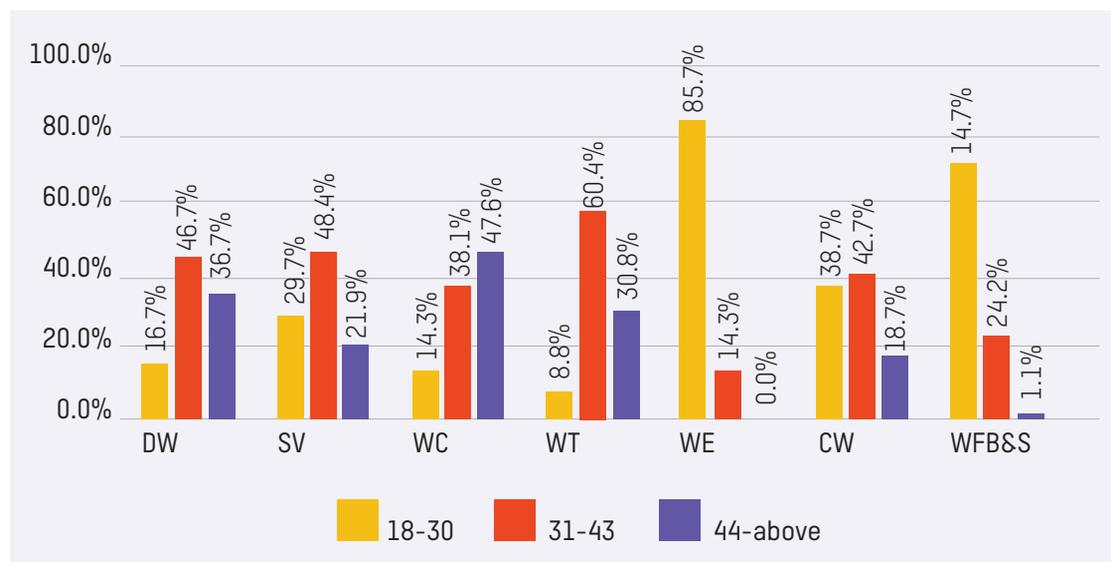


Figure 4.3: Age-Group Distribution of Sample Respondents



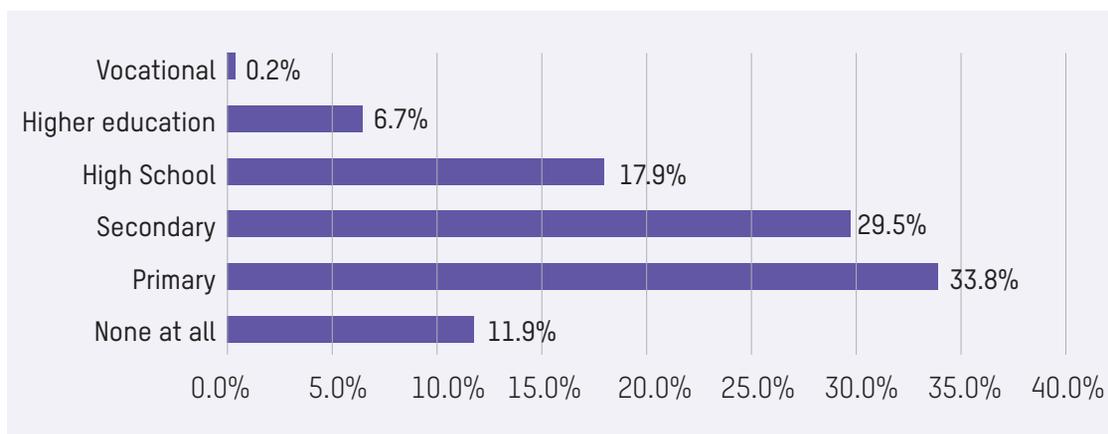
of 31-43 was more than double (42.4 percent) of the respondents in the age-group of 44 and above (20.0 percent). Also, the respondents in the age-group of 18-30 represent more than one-

third (37.6 percent) of the total sample size (Figure 4.2). While the percentage of female respondents in the age-group of 18-30 (58.2 percent) was much above their counterparts, it was less than the percentage of male in both the age-groups of 31-43, and 44 and above (Table 4.1). Looking

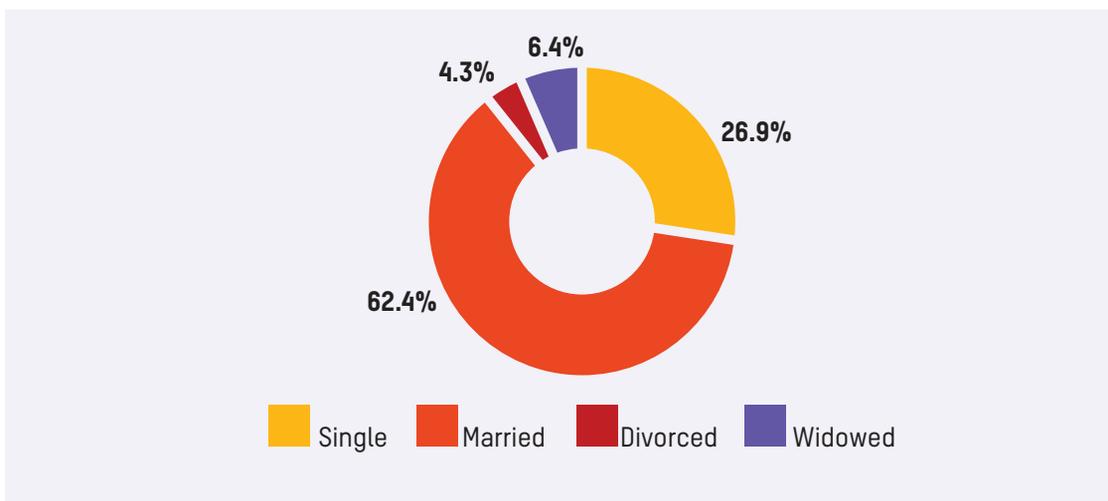
into the different categories of workers, more than four-fifths respondents (85.7 percent) in the entertainment sector and close to three-fourths (74.7 percent) in the food beverages and services were found in the age-group of 18-30, and more interestingly, none was found in the entertainment sector in the age-group of 44 and above. Thus, in the survey, compared to other age-groups, the

presence of young respondents in the age-group of 18-30 were felt in the entertainment, and food beverages and services. Likewise, in the age-group of 31-43, among all categories, the percentage representation of workers in transportation was

**Figure 4.4: Educational levels of Respondents**



**Figure 4.5: Marital Status of Sample Respondents, %**



more than half (60.7 percent), and in the age-group of 44 and above, waste collectors had the highest representation, which was more than two-fifths (47.6 percent) share of their total size (Figure 4.3).

In total, the percentage of respondents in the primary level of education was the highest (33.8 percent), followed by the secondary level (29.5 percent) and high school level (17.9 percent) of education (Figure 4.4). While the percentage of female respondents was higher in no schooling category (72.0 percent) and primary level (59.2 percent) of education as compared to the

male respondents, the male workers were higher in both the secondary level (64.5 percent) and high school level (54.7 percent) of education (Table 4.1).

A majority of the respondents (62.4 percent) that participated in the survey were married. While around 26.9 percent were single, the remaining 6.4 percent were widowed and 4.3 percent were divorced (Figure 4.5). Comparing between the male and female respondents, while in the single category, 60.2 percent were female and 39.8 percent were male, in the married group, 55.7 percent were male and 44.3 percent were female (Table 4.1).

The number of earning members in the respondents' households including him/her is shown in Table 4.2. Among all, while in more than half respondent workers (52.1 percent), two earning members were found in their households, for more than two-fifths respondents (23.3 percent), it was three earning members followed by one earning

**Table 4.1: Profile of the Survey Respondents**

Profile	N	Percentage	Male	Female
Sex	420	100%	204 48.6%	216 51.4%
<b>Category of Respondents</b>				
Domestic workers	30	7.1%	-0.0%	30 100.0%
Street vendors	91	21.7%	31 34.1%	60 65.9%
Waste collectors	21	5.0%	06 28.6%	15 71.4%
Workers in transportation	91	21.7%	86 94.5%	05 5.5%

Workers in entertainment	21	5.0%	- 0.0%	21 100.0%
Construction workers	75	17.8%	40 53.3%	35 46.7%
Workers in food beverages & services	91	21.7%	41 45.1%	50 54.9%
<b>Age-Group</b>				
18-30	158	37.6%	66 41.8%	
31-43	178	42.4%	95 53.4%	
- 44 & above	84	20.0%	43 51.2%	
<b>Level of Education</b>				
No Schooling	50	11.9%	14 28.0%	36 72.0%
Primary	142	33.8%	58 40.8%	84 59.2%
Secondary	124	29.5%	80 64.5%	44 35.5%
High School	75	17.9%	41 54.7%	34 45.3%
University	28	6.7%	11 39.3%	17 60.7%
Vocational/Technical	01	0.2%	- 0.0%	01 100.0%
<b>Marital Status</b>				
Single	113	26.9%	45 39.8%	68 60.2%
Married	262	62.4%	146 55.7%	116 44.3%
Divorced	18	4.3%	04 22.2%	14 77.8%
Widowed	27	6.4%	9 33.3%	18 66.7%

**Table 4.2: Number of Earning Members in Respondents' Households**

Category of respondents	Number of earning members					Total
	One	Two	Three	Four	Five and more	
Domestic workers	23.3%	53.3%	20.0%	3.3%	0.0%	100.0%
Street vendors	26.4%	49.4%	15.4%	5.5%	3.3%	100.0%
Waste collectors	9.5%	71.4%	14.3%	4.8%	0.0%	100.0%
Workers in transportation	19.8%	58.2%	16.5%	3.3%	2.2%	100.0%
Workers in entertainment	47.6%	42.8%	4.8%	4.8%	0.0%	100.0%
Construction workers	13.3%	54.7%	26.7%	5.3%	0.0%	100.0%
Workers in food beverages & services	4.4%	44.0%	42.8%	4.4%	4.4%	100.0%
All workers	75 17.9%	219 52.1%	98 23.3%	19 4.5%	9 2.1%	420 100.0%
Total number of earning members	75	438	294	76	45	928
Average earning members in each household	<b>2.2</b>					

## 4.2. Understanding about the NSSF

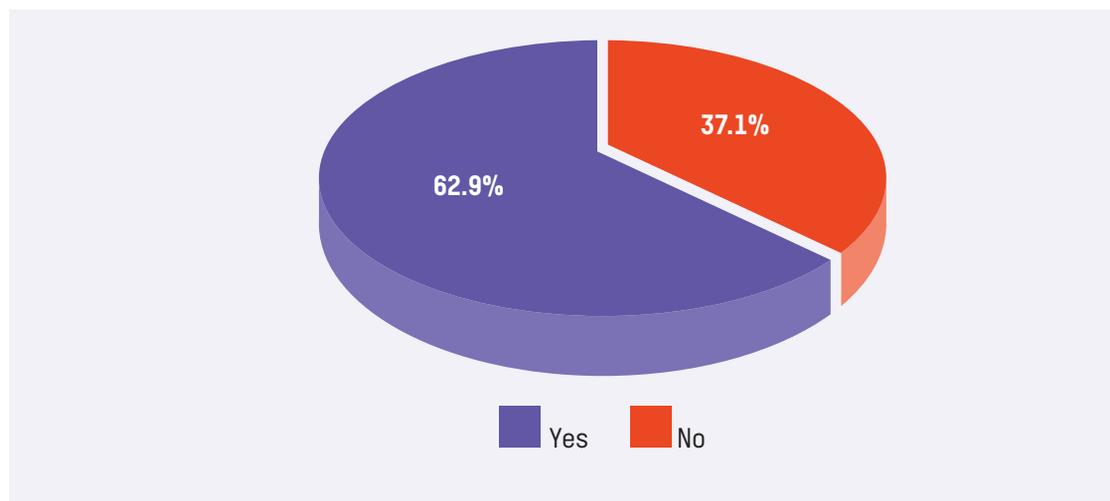
This section attempts to explore the self-assessed perceptions and level of awareness and knowledge of the informal economy workers about the NSSF. It is supplemented by the key informants' opinions gathered through interviews.

### Awareness and knowledge about the NSSF

Concerning the awareness of the informal economy workers about the NSSF in Cambodia, just above one-third (37.1 percent) of the total respondents were aware of the NSSF, whereas close to two-thirds (62.9 percent) of them were completely unaware (Figure 4.6). Looking into the different categories of informal economy workers, as shown in Table 4.3, more than half of the workers in transportation (59.3 percent) were aware of the NSSF, followed by the workers of food beverages and services (46.2 percent), and the domestic workers (40.0 percent). However, a majority of the

workers in entertainment (85.7 percent) had no knowledge of the NSSF, followed by the construction workers (82.7 percent), and an equal number of the street vendors and the waste collectors (71.4 percent) each. Further, between the male and female respondents, it was revealed that in total, a higher percentage of male (39.2 percent) as against female (35.2 percent) were aware about the NSSF. Therefore, the strategy to bring greater awareness among the informal economy workers about the NSSF through wide dissemination of information should be considered on a priority basis.

Figure 4.6: Awareness about the NSSF



**Table 4.3: Awareness of the Informal Economy Workers about the NSSF**

Category of respondents	Awareness about the NSSF	
	Yes	No
Domestic workers	40.0%	60.0%
Street vendors	28.6%	71.4%
Waste collectors	28.6%	71.4%
Workers in transportation	59.3%	40.7%
Workers in entertainment	14.3%	85.7%
Construction workers	17.3%	82.7%
Workers in food beverages & services	46.2%	53.8%
All categories:	39.2	60.8
Male workers	35.2	64.8
Female workers		

Regarding the various provisions of the NSSF, most of the respondents who were aware of the NSSF were not at all knowledgeable or slightly knowledgeable. The highest, about four-fifths of the participants (80.8 percent) had no knowledge of the benefits claiming procedure, followed by a majority of those not at all knowledgeable about the contribution amount for each scheme by members (71.2 percent), the process of making contribution to the NSSF (69.2 percent), and the membership

registration to the NSSF (59.6 percent). The number of the respondents who were slightly knowledgeable concerned the provisions of the benefits of membership to the NSSF (38.5 percent) and the available schemes in the NSSF (37.8 percent). Further, a lower percentage of female workers as compared to the male workers had the knowledge about the NSSF provisions due to their lack of awareness about the NSSF. Thus, as revealed, there is a very low level of knowledge among the informal economy workers about the different provisions of the NSSF (Table 4.4). As such, the findings justify the necessity of putting efforts into the direction of making information about the NSSF's provisions known to potential beneficiaries, starting from membership registration to claiming benefits.

**Table 4.4: Level of Knowledge of Informal Economy Workers about the NSSF Provisions**

NSSF provisions	Levels of knowledge				
	NK	SLK	SK	MK	VK
Membership registration to the NSSF	59.6%	22.4%	10.3%	5.1%	2.6%
Available schemes in the NSSF	21.8%	37.8%	30.8%	9.0%	0.6%
Contribution amount for each scheme by members	71.2%	18.0%	9.0%	1.9%	0.0%
Benefits of the NSSF membership	15.4%	38.5%	37.8%	5.8%	2.6%
Process of making contribution to the NSSF	69.2%	14.7%	12.2%	3.2%	0.6%
Benefits claiming procedure	80.8%	10.9%	5.1%	1.9%	1.3%

Note: NK- Not at all knowledgeable, SLK- Slightly knowledgeable, SK- Somewhat knowledgeable, MK- Moderately knowledgeable, VK- Very knowledgeable.

### **Knowledge about schemes offered by the NSSF and membership contribution**

So far as the currently offered schemes of the NSSF to ensure future income security of the informal economy workers is concerned, majority of the respondents (41.2 percent) were aware of the healthcare scheme followed by only 11.7 percent who were known about the employment injury scheme.

The study had intended to explore the knowledge of the surveyed workers about the requirement of the monetary contribution to the NSSF being self-employed. In response, it was unknown to about four-fifths of the respondents (79.8 percent), and only known to one-fifth of them (Figure 4.7). Around the

same number of male and female respondents had also no idea of this likely requirement (female 79.6 percent; male 79.9 percent), and the remaining few of them were aware of the monetary contribution to be done by the members in future. Hence, information relating to the contribution of membership fees by members to keep membership active with the NSSF should be disseminated among the potential beneficiaries.

Figure 4.7: Knowledge about Membership Contribution

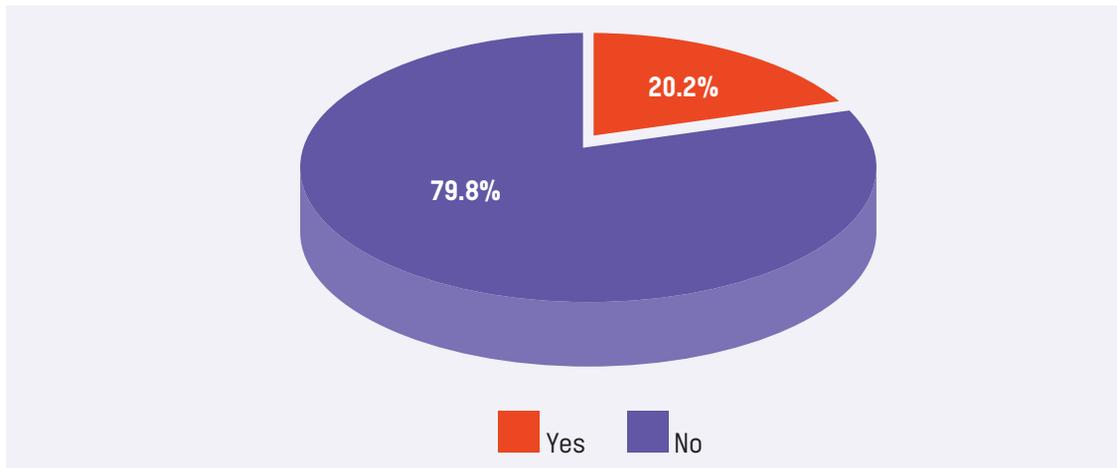
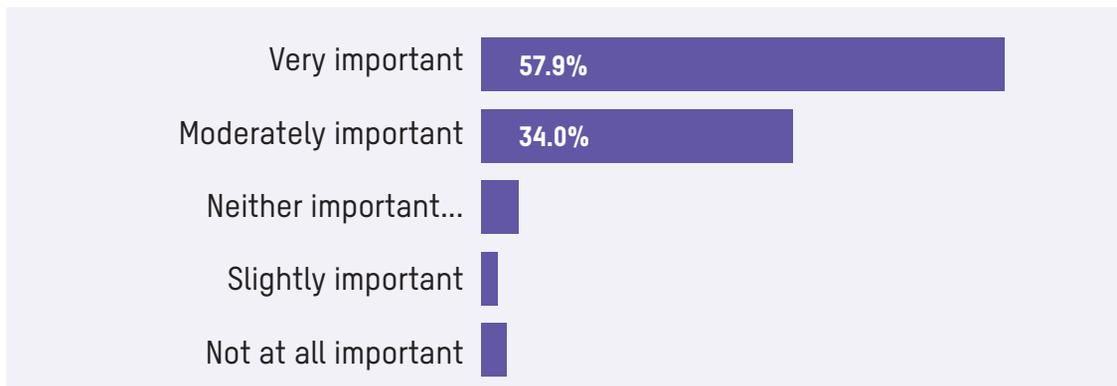


Figure 4.8: Importance of sharing Information

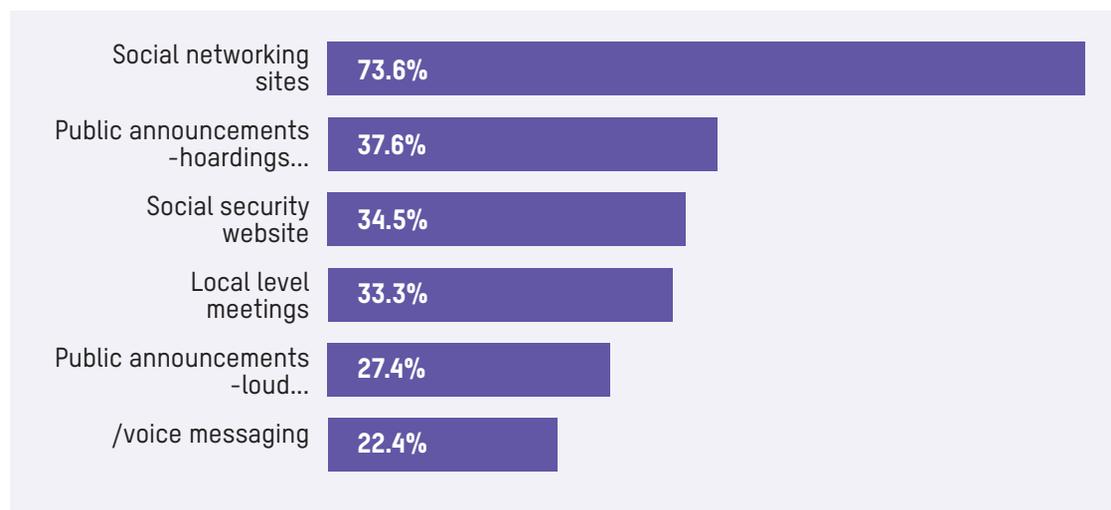


### Information sharing by the NSSF

Information sharing by the NSSF about the various provisions of the social security is considered to be highly beneficial for the potential beneficiaries in the light of their limited knowledge. As such, considering the importance of sharing information by the

NSSF to the informal economy workers about their current schemes and benefits, more than half of the respondents (57.9 percent) have felt that it is very important to them to receive such information, and one-third of them (34.0 percent) who have found this moderately important. Only a very small number of respondents think that it is not that important to receive such information (Figure 4.8). As revealed, information about the schemes and potential benefits might generate interest among the target group to become members of the NSSF to avail various benefits.

Figure 4.9: Better ways of sharing Information



Looking into the various ways of sharing information with the informal economy workers about the NSSF, the majority of the respondents (73.6 percent) have felt that social networking sites were the most effective way of sharing information with them. Following this, around one-third of the respondents each have opted for public announcements- hoardings/ banners/ posters (37.6 percent), social security websites (34.5 percent), and local level meetings (33.3 percent) as their preferable modes of delivery. Public announcements and text/voice messaging have also been preferred by 27.4 percent and 22.4 percent of the respondents respectively (Figure 4.9). Therefore, when sharing information about the NSSF, multiple ways should be considered, keeping social networking at focus due to its popularity and usage.

### Summary of the level of understanding about the schemes of the NSSF

In the survey, the following question was asked:

- ▶ **What is your overall level of understanding about the schemes of the NSSF in Cambodia? Please use a scale of 0-10, where 0 is "no understanding at all" and 10 is "significant level of understanding."**

When respondents were asked to assess their level of understanding of the schemes of the NSSF on a scale of 0 to 10, the average score of 3.2 has revealed a significantly low level of understanding.

The female respondents' mean score was 3.0 against their male counterparts who had an average score of 3.3, showing a negligible difference. While the domestic workers and the workers in transportation (mean score- 4.4 each) show a limited level of understanding about the NSSF schemes,

the street vendors (mean score 2.3), waste collectors (mean score 2.3), construction workers (mean score 2.6) and workers in entertainment (mean score 2.8) signify extremely low levels of understanding as they have scored less than 3.0 (Table 4.5). Hence, it is crucial to raise the level of understanding of the informal economy workers to ensure the NSSF schemes become more effective.

**Table 4.5: Average Self-score of the Level of Understanding of the Respondents**

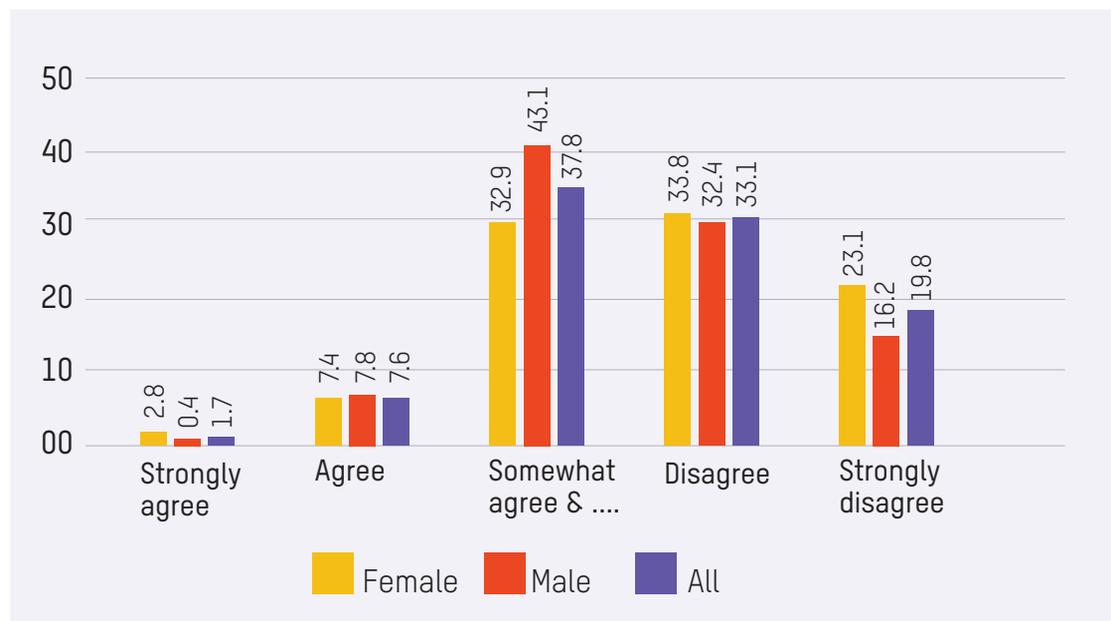
Category of respondents	Mean score
Domestic workers	4.4
Street vendors	2.3
Waste collectors	2.3
Workers in transportation	4.4
Workers in entertainment	2.8
Construction workers	2.6
Workers in food beverages & services	3.0
<b>All</b>	<b>3.2 (Female: 3.0; Male: 3.3)</b>

### 4.3. Need for Social Protection

This section presents how respondents self-assessed their need for social protection

to secure daily future livelihood of their family. We present these results with supporting data below, organized by key research area of interest. It is supplemented by the key informants' opinions gathered through interviews.

Figure 4.10: Present Income to Secure Future



### Current income and concerned about future livelihood

Considering whether or not the informal economy workers' current earned income is enough to secure the daily future livelihood of their family, most of the respondents have given a negative response. Whereas 37.8 percent of the respondents have somewhat agreed and disagreed, about one-third of the respondents have disagreed (33.1 percent), and one-fifth of them have strongly disagreed (19.8 percent). Looking gender wise, the female respondents (56.9 percent) have a greater concern about their future livelihood than

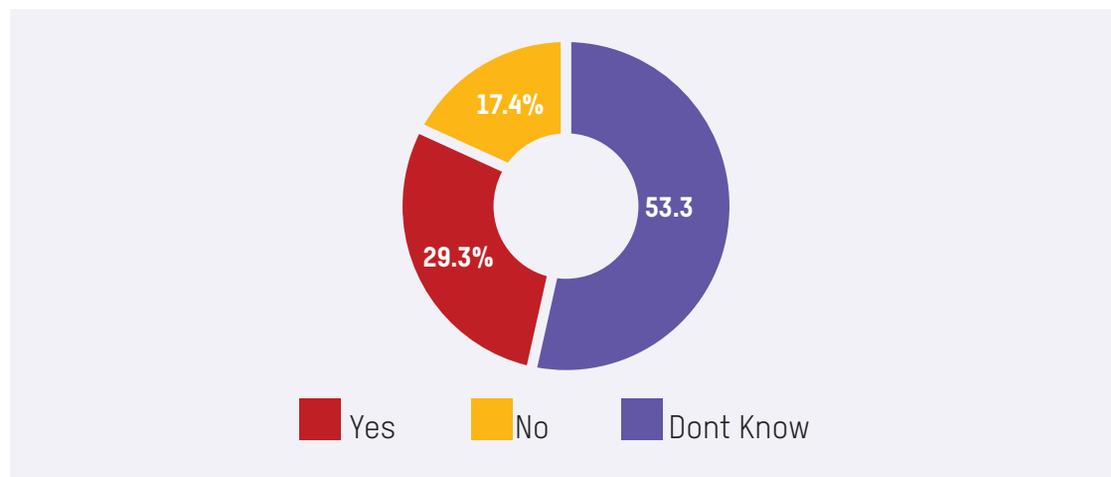
the male respondents (48.6 percent). The least number of total respondents (9.3 percent) agree and strongly agree that their present earned income is sufficient for their daily future livelihood (Figure 4.10). This implies that in a majority of the cases, the informal economy workers' present income is not enough to secure their future needs and thus, there is a need for some kinds of arrangements to secure their future through the NSSF schemes.

### Occupational risks, sickness/ injury and planning for the future

Regarding occupational risks or health related problems of the informal economy workers' current work, more than half of the respondents (53.3 percent) have agreed that there are risks present, followed by 29.3 percent of them who have denied of having any risks, and the remaining 17.4 percent of respondents do not have any idea of the risks that might

or might not exist (Figure 4.11). Further, as revealed in Figure 4.12, from those who have agreed upon the presence of risks at their work, about one-third of the respondents (32.6 percent) have mentioned working during odd hours, followed by unsafe working conditions (13.0 percent), using hazardous hand tools (12.5 percent), exposure to wastage and chemicals (10.7 percent), poor hygiene conditions (8.5 percent), and a mix of these risks (22.8 percent). The presence of such occupational risks or health related problems highlights the need to pay attention to the safety and health of the informal economy workers.

Figure 4.11: Presence of Occupational Risks or Health Related Problems



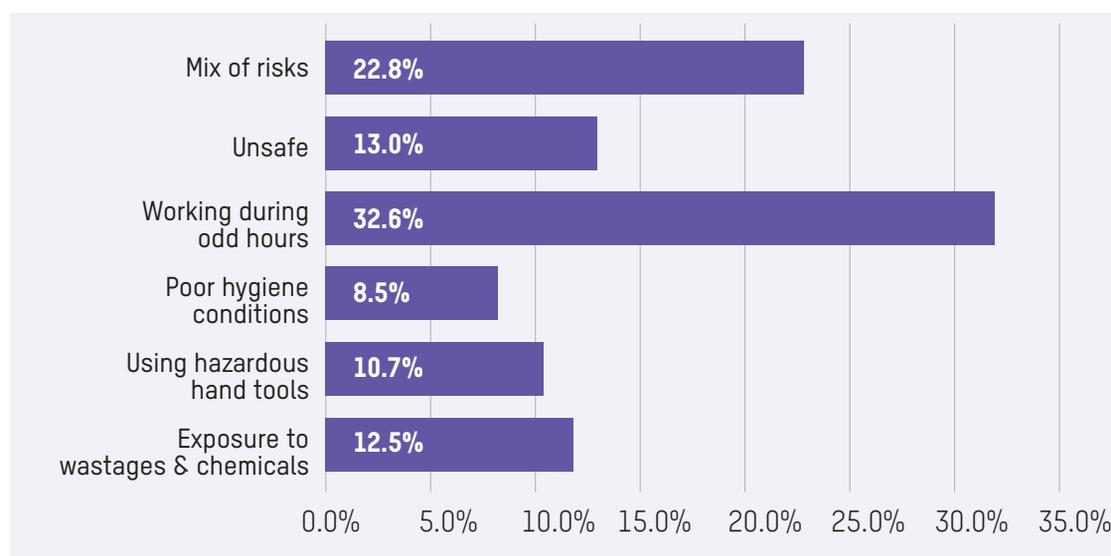
When asked about respondents' plan to meet their long-term sickness/ injury or disability, most of them have cited more than one financial source in order to do so. More than half of the total respondents have

mentioned using their own savings (53.8 percent), followed by borrowing money (38.6 percent), and selling assets (23.6 percent). Others would utilize the income of their spouse (21.9 percent), take support from their family (18.3 percent), do a lighter job (11.9 percent), and/or rent property (8.3 percent). A small number of respondents (12.9 percent) do not

have any idea on what to do if suffering from long-term illness. Comparing the responses between the female and male workers reveal that a higher percentage of female respondents (58.3 percent) would like to depend on their own savings in future in order to meet long-term sickness/injury or disability rather than depending on their spouse income (16.7%), selling assets (19 percent) and

borrowing money as compared to their male counterparts (Table 4.6). The results as a whole signify the requirement for an external support mechanism to meet the needs of the workers, and as such membership to the NSSF will be the right choice to them in this case.

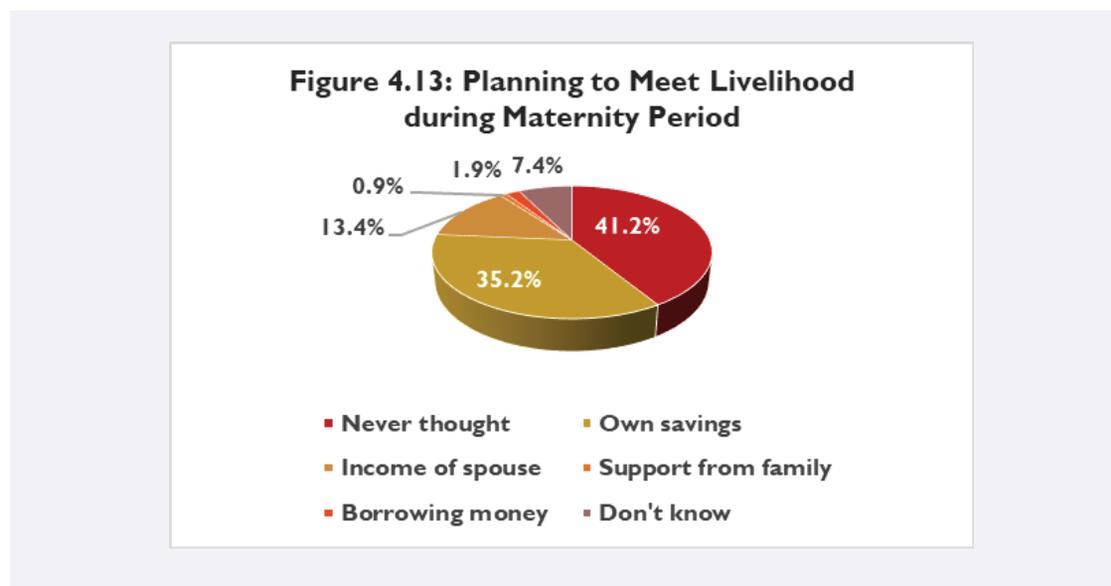
**Figure 4.12: Types of Occupational Risks or Health Related Problems**



**Table 4.6: Planning to Meet Long-term Sickness/Injury or Disability**

Category of respondents	Planning to meet long-term sickness/injury or disability				
	Highly necessary	Moderately necessary	Somewhat necessary	Slightly necessary	Not all necessary
Female	49.5%	27.8%	14.8%	5.6%	2.3%
Male	57.3%	26.5%	10.8%	3.9%	1.5%
All workers	53.3%	27.1%	12.9%	4.8%	1.9%

Figure 4.13: Planning to Meet Livelihood during Maternity Period

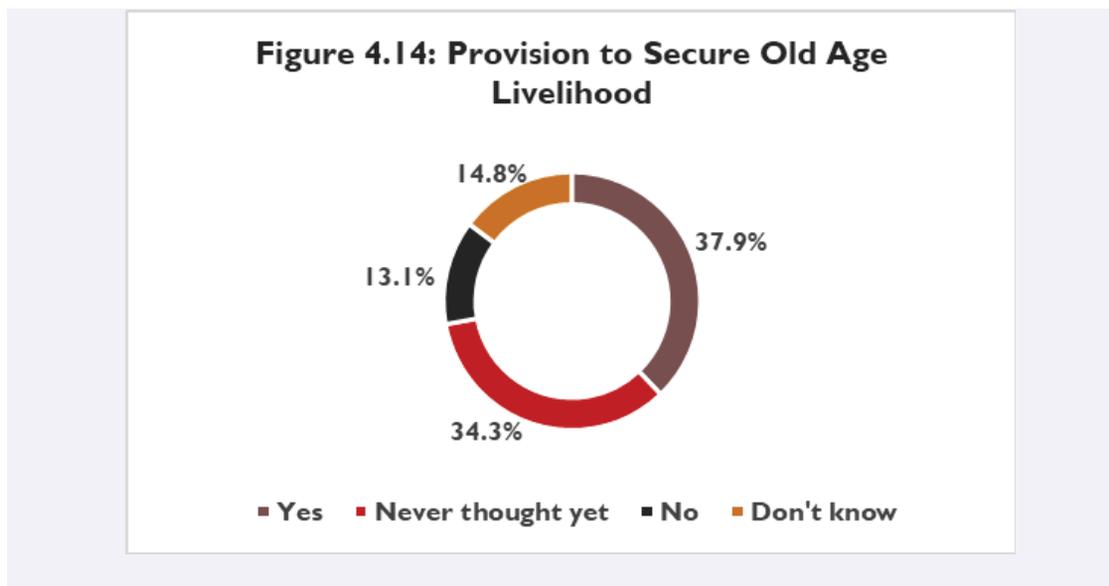


For the female informal economy workers, meeting livelihood during maternity as well as making up for the hospitalization and post-delivery expenses could be tough. As such when asked about their plan to meet their livelihood during such conditions, more than two-fifths of the female respondents (41.2 percent) have not had given this a thought yet. From those who had have a thought, a majority of them (35.2 percent) have considered using their own savings for their maternity, hospitalization, and post-delivery expenses. The rest

of the respondents have thought of using the income of their spouse (13.4 percent), borrowing money (1.9 percent), and taking support from family (0.9 percent). Also, 7.4 percent of them have no idea on how to meet their expenses (Figure 4.13). Thus, membership to the NSSF will be a necessity to them as they will be able to access to healthcare services without having an additional economic burden.

Based on the KIs' observations, in the event of long-term sickness/injury or disabilities, the informal workers often sell their belongings, property, or even their business to cover up for medical care and its related expenses. However, for much poorer group of the informal workers who are living in poverty, they usually borrow money from their relatives or moneylenders to cope up with the shock.

Figure 4.14: Provision to Secure Old Age Livelihood



### Provision to secure old age livelihood

To ensure a better living condition during the old age, informal economy workers need to make certain provisions much early in their life. In this context, 52.2 percent of the female respondents and 47.8 percent of the male respondents had made some provision to secure their old age livelihood after retirement. Thus, amongst all of the respondents, only around two-fifths of them (37.9 percent) have a provision to secure their old age livelihood after retirement, while above 60 percent of the informal economy workers have never had a thought about this matter, do not know how to finance their living after retirement, or have no sort of provision yet (Figure 4.14). From those who have agreed to have provisions to secure their old age livelihood, we raised a question to know how well they have prepared financially for their retirement. As revealed

in Table 4.7, while more than one-third (37.7 percent) of the respondents were found to be somewhat prepared, much above two-fifths (44.6 percent) of the respondents were insufficiently prepared and ill-prepared. While in the female category, a larger percentage of the respondents (54.2 percent) were found to be insufficiently as well as ill-prepared, for the male category, it was 34.2 percent of the respondents. These findings clearly reveal that though a few sample respondents made provisions to secure their old age livelihood, but it was an

insufficient and ill-prepared arrangement among majority of them.

Further, as revealed in Figure 4.15, a majority of the respondents have chosen more than one provision to secure their old age livelihood. However, out of all these provisions,

**Table 4.7: Financial Preparation for Retirement by the Respondents**

Category of respondents	Responses to financial preparation				
	Well prepared	Moderately prepared	Somewhat prepared	Insufficient prepared	Ill-prepared
Female (83)	4.8%	12.0%	28.9%	25.3%	28.9%
Male (76)	1.3%	17.1%	47.4%	9.2%	25.0%
All workers (159)	3.1%	14.5%	37.7%	17.6%	27.0%

the informal workers have largely planned to use their own savings (69.0 percent), followed by doing a lighter job (45.2 percent), and taking support from their family (29.3 percent). Other respondents have considered using the income of their spouse (16.7 percent), selling some assets (8.6 percent), and/or borrowing money (4.5 percent). Nonetheless, as a large number of respondents have given a negative response to having provisions for their old age livelihood after retirement, a permanent source of income such as pension is required for them to help boost their

livelihood.

According to the KIs, in terms of old age arrangements, the option is living with family relatives, usually own children if they can afford to look after the elderly. Otherwise, it is living in the pagoda for those who do not have children, or if the children cannot look after them.

### **Interest to join the NSSF and its necessity**

Taking note that the informal economy workers are self-employed and do not have a secure source of income for old age livelihood after retirement, when asked, close to one-third of the respondents (31.9 percent) have shown their interest to join the NSSF to ensure their future income security and reduce any potential economic and financial vulnerability. Also, more than half of the respondents (56.4 percent) have thought of joining the

Figure 4.15: Future Plan to Secure Old Age Livelihood

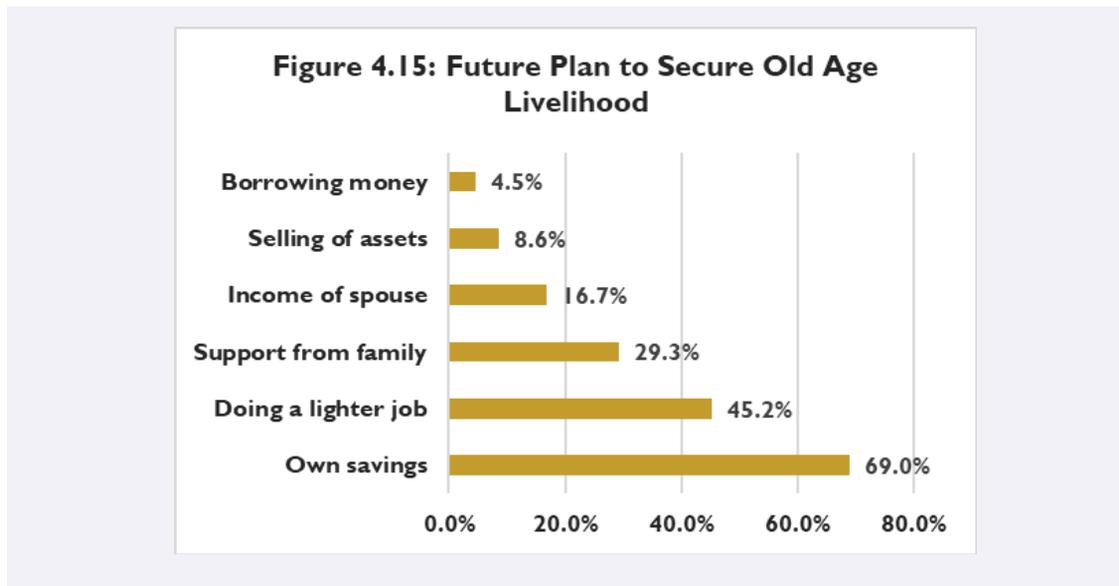
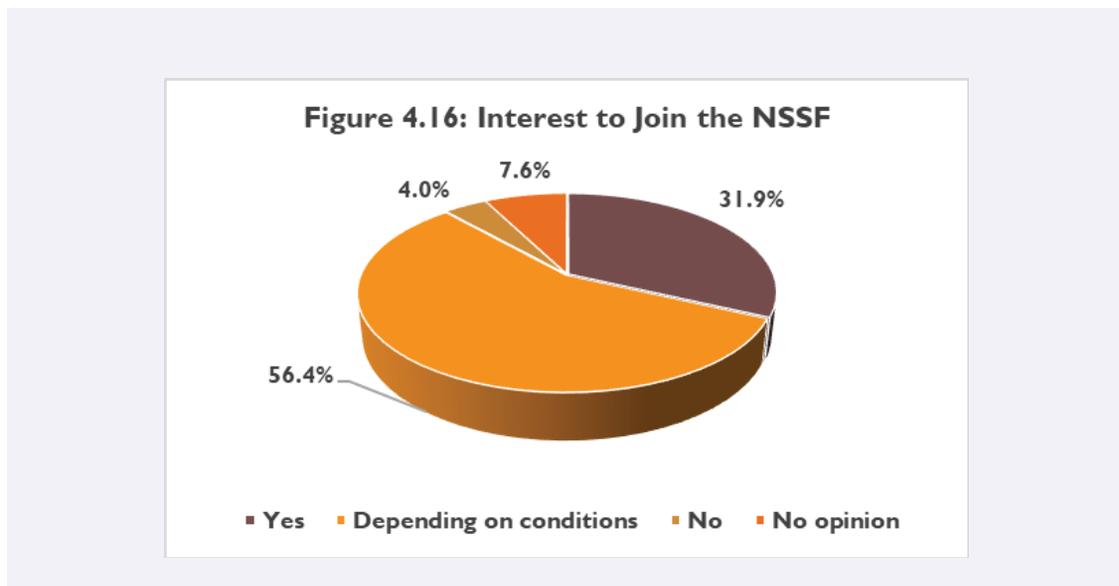


Figure 4.16: Interest to Join the NSSF



NSSF depending on certain conditions. However, only 4 percent of the sample workers have declined and 7.6 percent of them have no opinion regarding joining as a member to the NSSF (Figure 4.16). Therefore, to enable more informal economy workers to join the NSSF, there has to be greater information sharing and initiatives toward building trust.

Further, we asked the respondents how necessary is it for them to join the NSSF, and in response to that more than 90 percent of both the female and male respondents felt that joining the NSSF was highly necessary, moderately necessary or somewhat necessary for them. It was only 2 percent of respondents who considered joining the NSSF was not at all necessary for them (Table 4.8). As such, we reaffirm that an effective dissemination of the benefits of joining the NSSF would encourage the informal economy workers to become members of the NSSF.

**Table 4.8: Necessity of joining the NSSF**

Category of respondents	Responses to the necessity of joining the NSSF				
	Highly necessary	Moderately necessary	Somewhat necessary	Slightly necessary	Not all necessary
Female	49.5%	27.8%	14.8%	5.6%	2.3%
Male	57.3%	26.5%	10.8%	3.9%	1.5%
All workers	53.3%	27.1%	12.9%	4.8%	1.9%

There is a consensus among the KIs and the workshop participants that it is important for the informal economy workers to join the NSSF as it will benefit not only the workers alone, but also the whole society. At the individual level, it provides

a safety net for the most vulnerable group of workers by ensuring that these individual workers do not get trapped in poverty as they are socially protected. With that, it will boost labor productivity and eventually improve the economy and achieve inclusive development. In addition, it will contribute to the formalization of the informal sector in the economy.

The most mentioned benefits for the informal economy workers to join the NSSF are poverty reduction and financial security as the informal economy workers can have access to health care services in case, they become ill or have accidents, without having to pay the cost of treatment out of their pocket, which is usually quite expensive.

There is a consensus among the KIs and the workshop participants that it is important for the informal economy workers to join the NSSF as it will benefit not only the workers alone, but also the whole society. At the individual level, it provides a safety net for the most vulnerable group of workers by ensuring that these individual workers do not get trapped in poverty as they are socially protected. With that, it will boost labor productivity and eventually improve the economy and achieve inclusive development. In addition, it will contribute to the formalization of the informal sector in the economy.

The most mentioned benefits for the informal economy workers to join the NSSF are poverty reduction and financial security as the informal economy workers can have access to health

care services in case, they become ill or have accidents, without having to pay the cost of treatment out of their pocket, which is usually quite expensive. In addition, the income security of being a NSSF member can help them plan for the future when they become old and are unable to work. Intergenerational benefits are present as well such as the dependents of the informal economy workers also become secured. Overall, having NSSF membership can break their vicious cycle of poverty.

#### 4.4. Priorities, and Contribution to Social Security Schemes

This section presents respondents' self-assessed prioritization of schemes, and contribution to social security

##### Box 4.1: Necessity of the Social Security for the Informal Economy Workers

**"When informal economy workers who happen to be breadwinners cannot earn daily living for whatever reason, their dependents face serious shortages."**

▶ Key Informant

schemes. We present the findings organized by key research areas of interest under each area. It is also supplemented by the key informants' opinions gathered through interviews.

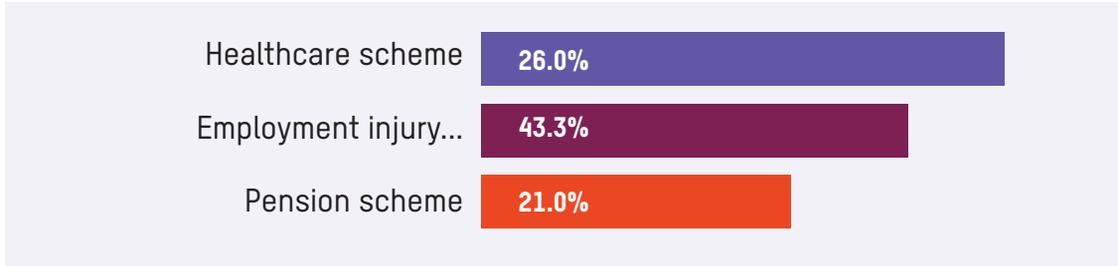
**Suitability of schemes for future income security**

Regarding the future income security of the informal economy workers, the respondents have opted for suitable schemes based on the nature of their job, work settings, and the presence of potential risks (occupational risks) relating to their job. Above two-fifths of the respondents (43.3 percent) have mentioned the healthcare scheme as the most preferred scheme, followed by 26 percent of them who have chosen the employment injury scheme.

The pension scheme was the least preferred one at 21 percent (Figure 4.17). With a majority of the informal economy workers considering the healthcare scheme, it is shown that healthcare remains the immediate concern and requirement for them.

Thus, the three most suitable schemes are: 1) healthcare; 2) employment injury; and 3) pension. Their importance is also ranked accordingly as healthcare is the most important, followed by employment injury and pension. The main reason why healthcare is considered to be the most suitable and crucial scheme by the KIs is due to the lack of universal healthcare coverage and expensive medical care/treatment. Second is employment injury because most of the informal economy workers do not have private/individual accident insurance, so if they get into an accident, they will have to use the healthcare system that is expensive and ineffective. Most of the KIs have pointed out that these two schemes should be first introduced to the informal economy workers and when these are in effect, the government should then introduce pension scheme.

**Figure 4.17: Response on Suitable Scheme**

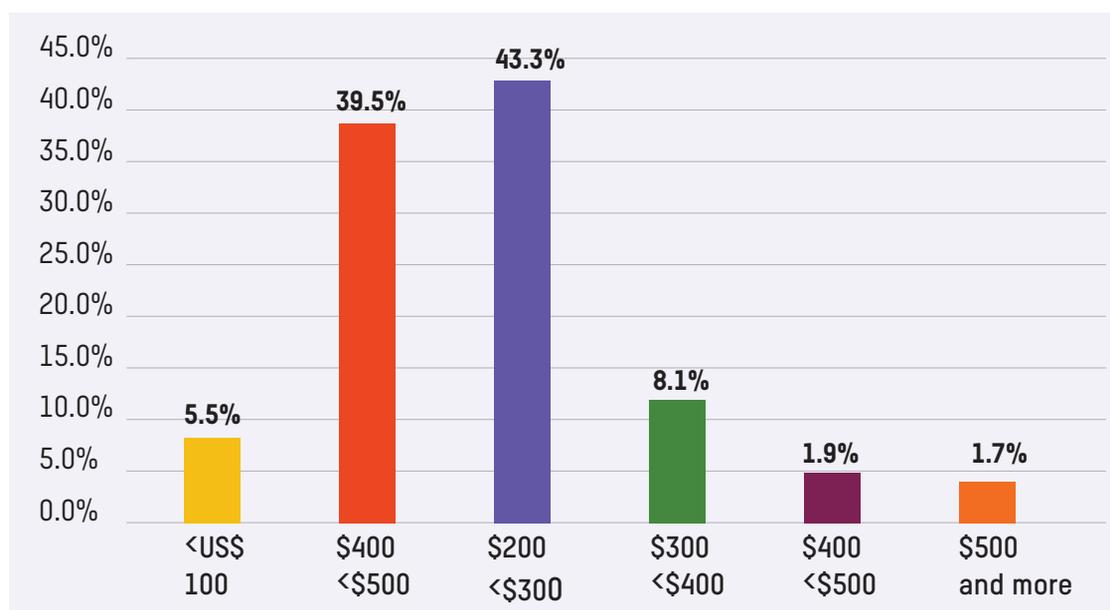


### Fluctuations in income and ability to contribute to social security fund

Looking into the average monthly income of the informal economy workers from all sources, slightly less than half of the total respondents (43.3 percent) have said to be receiving around US\$ 200 to US\$ 300, followed by about two-fifths of them (39.5 percent) who earn between US\$ 100 to US\$ 200, and 8.1 percent of the

respondents acquire US\$ 300 to US\$ 400. While 5.5 percent of the workers get the lowest average monthly income of less than US\$ 100, the least 1.7 percent of them receive the highest average monthly income of US\$ 500 and more (Figure 4.18).

Figure 4.18: Average Monthly Income of



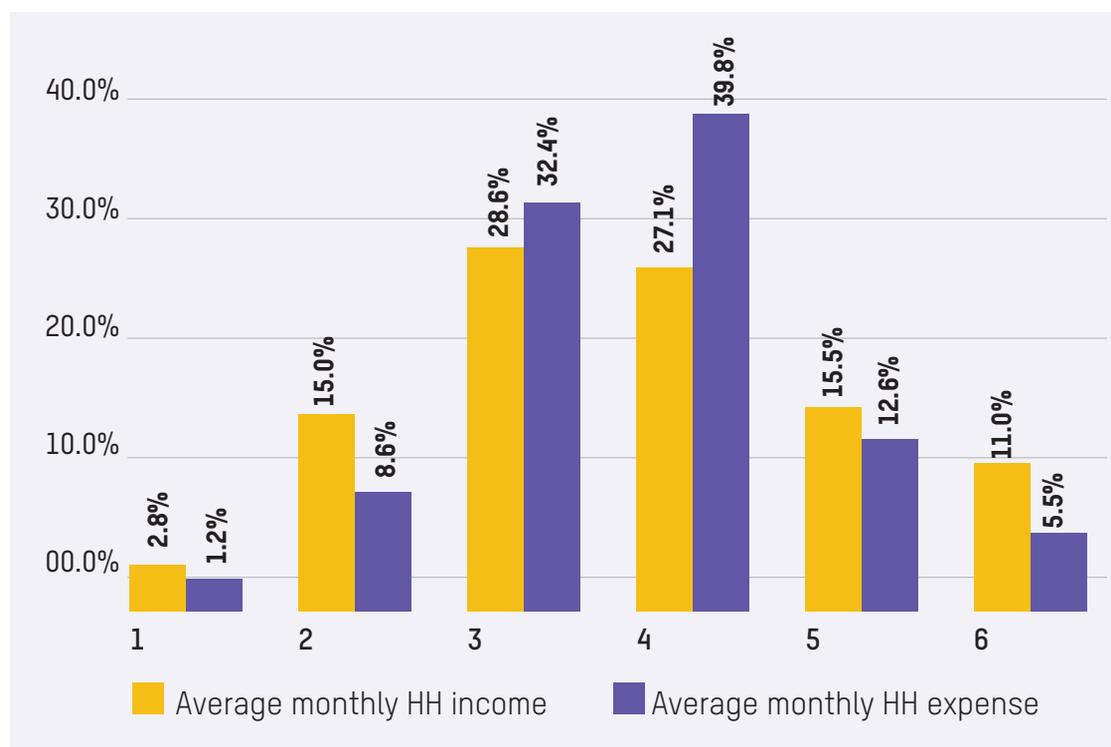
While comparing the average monthly household income and expense, as revealed in Figure 4.19, more than half of the respondents' households (55.7 percent) earn US\$ 200 to US\$ 400 monthly on an average, whereas 72.2 percent of the respondents' households monthly average spending ranges between the same amount. At a higher level of average monthly income such as US\$ 400 to US\$ 500, and US\$ 500 and above, the percentage of

the respondents' households incurring expenses were found to be smaller (18.1 percent) than the percentage of the respondents' households earning income (26.5 percent). As such we believe that the informal economy workers would be able to marginally contribute to the NSSF.

Among the respondents, a majority of the informal economy workers (70.5 percent) experience fluctuations in their monthly income flows, whereas others

do not (29.5 percent). Female and male workers experience similar fluctuations in their monthly income flows, with 72.2 percent and 68.6 percent of the male and female respondents experiencing income volatility respectively (Table 4.9).

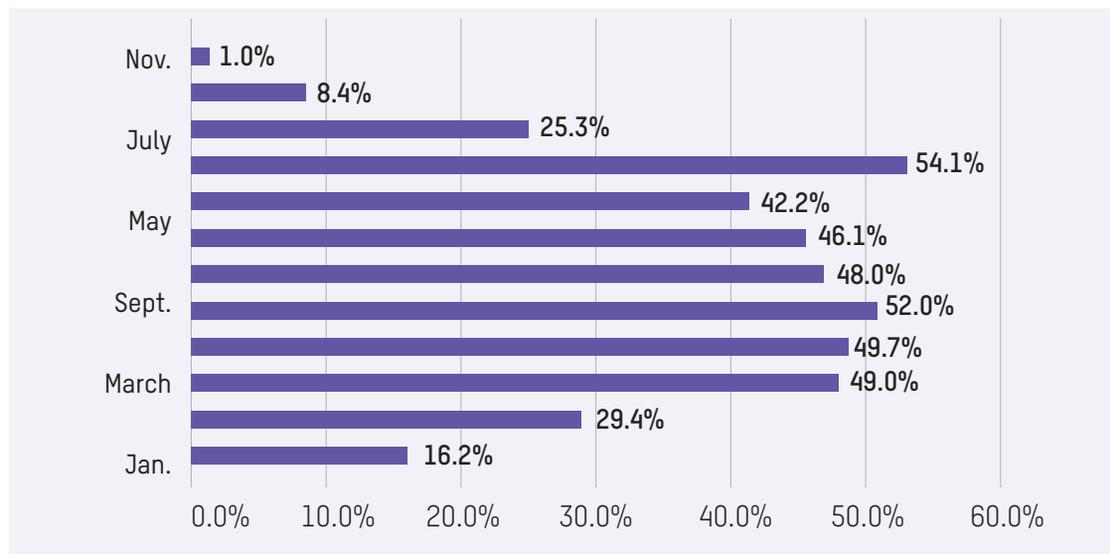
**Figure 4.19: Average Monthly Income and Expense of Households**



**Table 4.9: Responses on Monthly Income Fluctuations**

Category of respondents	Responses on monthly income fluctuations	
	Yes	No
Female	72.2%	27.8%
Male	68.6%	31.4%
All workers	70.5%	29.5%

**Figure 4.20: Responses about the Months of Earning Falls**



From the informal economy workers who experience fluctuations in their monthly income flows, their earnings fall in certain months as compared to other months. More than half of the total respondents (54.1 %) have said to be earning lesser income in the month of September, followed by May (52.0 %), April (49.7 %), March (49.0 %), June (48 %), July (46.6 %), and August (42.2 %). The month of December has the least fluctuation in earnings (1%) as well as November (8.4 %) when the informal economy workers hardly experience any fall in their incomes. Coming to January, it is only 16.2 % of the respondents, followed by one-fourth of them in October (25.3 %), and 29.4 % in February (Figure 4.20). Considering the fluctuations of the monthly income of the respondents, it can be inferred that the informal economy workers may likely face challenges with regard to their timely contribution to the NSSF. Also, in response

to our question about their current economic condition in the light of COVID-19, while 8.8 % of the respondents felt that it was same as before, 90 % of them considered it to be worse than the past.

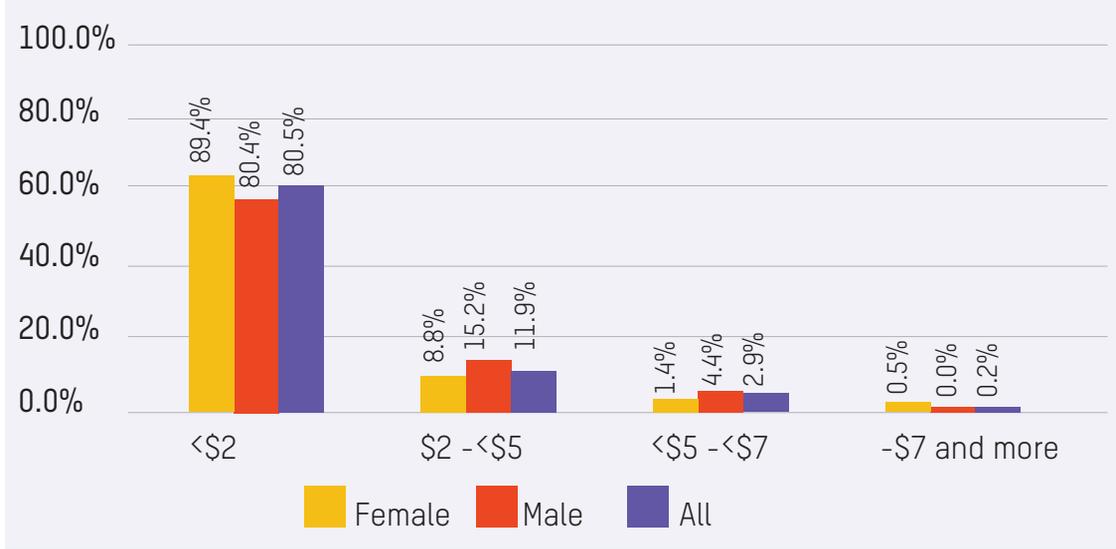
With regard to the monthly contribution to the social security fund, based on the current income and expenses, as revealed in Figure 4.21, a majority of the respondents (85%) opting to pay less than US\$ 2 per month. Also, a higher number of female workers (89.4 %) have relatively done so as compared to their male counterparts (80.4 %). This is followed by 11.9 % of the

total respondents who have chosen to give US\$ 2 to less than US\$ 5, 2.9 % of them who have preferred US\$ 5 to less than US\$ 7, and the least 0.2 % who have gone for the highest payment of US\$ 7 and more for the social security fund.

Interestingly, while 0.5 % of the female workers have chosen to contribute US\$ 7 and more to the NSSF, none of the male workers have preferred this amount.

All the KIs believed that the informal economy workers have the capacity to contribute to the social security fund, but there is no

**Figure 4.21: Capacity of Monthly Contribution to Social Security Fund**



consensus when it comes to the amount. According to one KI, informal economy workers can contribute around 5,000 riels monthly to the NSSF as this has already been surveyed among the informal economy workers who were the members of the IDEA. As felt by another KI, informal workers have limited capacity

to contribute. Nonetheless, they are still able to contribute as much as 2,000 riels (US\$ 0.5) per month. In the view of a KI, informal workers have the capacity to contribute as much as up to 12,000 riels (US\$ 3) as she had noticed when being involved in the campaign of an NGO’s health care insurance project – the amount for contribution was US\$ 3 and from the experience, villagers in general were able to afford US\$ 3 monthly. Other KIs were not able to respond on the exact amount. With regard

to the contributing arrangement, the workshop participants suggested the informal economy workers to make their contributions via the IDEA.

Further, concerning the timing of the contribution to the NSSF, almost half of the respondents (44.8 %) have stated that they would prefer to contribute monthly, followed by around one-fourth (25.5 %) who choose quarterly, 21.9 % consider half-yearly, and

the remaining 7.8% of them opt for yearly contribution. Also, considering gender into account, hardly there was any difference of opinions between the female and male respondents [Table 4.10]. Thus, a majority of both the female and male respondents preferred monthly contribution to the NSSF.

**Box 4.2: Capacity of Informal Economy Workers to Contribute to the NSSF**

**“Contributions to NSSF by the informal economy workers mostly depend on their attitude and behavior rather than their economic ability. They need to understand their future benefits and income security by their meagre amount of contribution. They should commit for their own economic security.”**

**▶ Key Informant**

**Table 4.10: Responses on Contribution Timing to the NSSF**

Category of respondents	Responses on contribution timing to the NSSF			
	Monthly	Quarterly	Half-yearly	Yearly
Female	44.9%	25.5%	21.3%	8.3%
Male	44.6%	25.5%	22.5%	7.4%
All workers	44.8%	25.5%	21.9%	7.8%

### **Level of commitment toward contributing to social security as a member**

In the survey, the following question was asked:

- ▶ **What is your level of commitment toward contributing to your social security as a member of NSSF? Please use a scale of 0-10, where 0 is "no personal commitment" and 10 is "significant personal commitment."**

The level of commitment toward contributing to social security as a member of the NSSF varies among the categories of respondents assessed on a scale of 0 to 10. The domestic workers have the highest level of commitment to contribute amongst others with a mean value of 8.8, followed by the workers in entertainment (mean value: 7.8), and both the workers in transportation and workers in food beverages and services (mean value: 6.7). The lowest level of personal commitment is by the waste collectors with a mean score of 4.2, which shows a low level of commitment. The overall

level of commitment to contribute to the NSSF has revealed a moderately high level of commitment of the informal economy workers (mean value: 6.2). The average value was 6.0 of the female respondents against 6.3 of the male respondents (Table 4.11). As the sample respondents are committed to contribute to the NSSF, a better understanding and knowledge about the NSSF schemes amongst the workers will ensure more effectiveness.

Comparing the awareness of the informal economy workers about the NSSF with the level of commitment toward contributing to social security, it is revealed that except the entertainment workers, as a higher percentage of workers involved in transportation, food beverages and services, and domestic works had awareness about the NSSF, their level of commitment was also higher. Similarly, as majority of the waste collectors were unaware about the NSSF, their personal commitment toward contributing to social security was the lowest. Therefore, this could mean that a higher level of awareness leads to a greater level of personal commitment toward contributing to social security.

### **Main barriers to participate, and challenges to contribute to the NSSF**

The surveyed informal economy workers felt the presence of a number of constraining factors for which it may be difficult for them to participate in the NSSF. For instance, a majority of the informal economy workers (62.4 percent) have said that the lack of

**Table 4.11: Average Score of the Level of Commitment of the Respondents to Contribute to NSSF**

Category of Respondents	Mean score
Domestic workers	8.8
Street vendors	4.4
Waste collectors	4.2
Workers in transportation	6.7
Workers in entertainment	7.8
Construction workers	6.4
Workers in food beverages & services	6.7
All	6.2 (Female: 6.0; Male: 6.3)

information and awareness about the NSSF is the one of the main barriers. This is followed by more than half of the respondents who have thought the barrier to be the lack of information about the benefits of membership (58.1 percent), lack of understanding about the membership registration process (54.3 percent), lack of understanding about the benefits claiming procedure (51.7 percent), and lack of understanding about the process of making contribution (51.2 percent). As revealed in Figure 4.22, other barriers as selected by the sample respondents are the lack of understanding about the different social security schemes (49.8 percent), lack of trust (46.9 percent), doubtfulness with regard to the value for money (18.3 percent) and the lack of transparency and accountability in the system (14.3 percent). In the light of these

responses, dissemination of information relating to several provisions of the NSSF among the informal economy workers is considered to be highly necessary.

According to most of the KIs, limited knowledge and awareness about the NSSF information and benefits of social insurance among the informal economy workers might cause them to hesitate to pay their hard-earned money to the NSSF. Second, mistrust of the system resulting from corruption is another barrier. Complex and

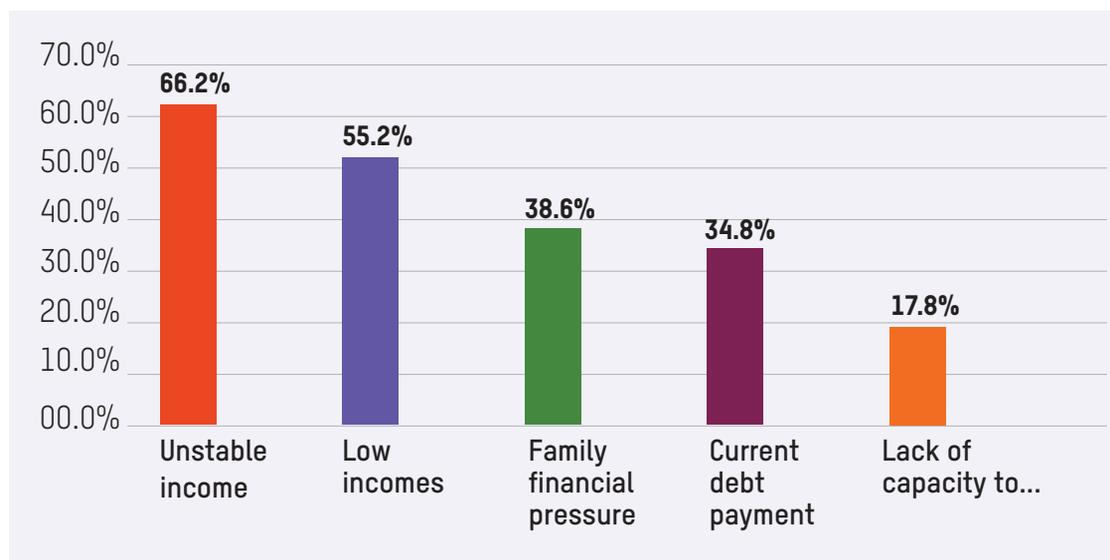
burdensome administrative procedures for membership registration, contribution payment, and benefits claims might discourage the informal economy workers to become members of the NSSF.

Concerning the likely challenges with regard to the contribution of the informal economy workers to the NSSF, as revealed in Figure 4.23, most of the respondents (66.2 percent) have said to have unstable income. Also, more than half of the total sample respondents (55.2 percent) have mentioned that their low incomes is a likely challenge,

followed by financial pressure of family (38.6 percent), and current debt payment (34.8 percent). The least likely challenge was the lack of capacity to make regular contribution as stated by the informal economy workers (17.8 percent).

So far, the views of KIs are concerned, one possible challenge is fluctuating or unstable incomes as the informal economy workers experience volatile incomes. For those who have existing debts, it is difficult for them to make a strong commitment to make regular contributions. As the living expense keeps on increasing, the informal economy workers might not be able to make contributions for a long period of time. As such the provisions for making contributions should be flexible and supported by the government.

**Figure 4.23: Likely Challenges to Contribute to the NSSF**



On the basis of the likely challenges to contribute to the NSSF by the informal economy workers, more than 90 percent of the respondents have suggested the government to support in terms of their contribution to the NSSF. Further, among them, while a majority, 46.3 percent suggested to bring changes in law to include their family members to avail healthcare benefits, just above a quarter of them opted for changes in law to exempt them to contribute (27.6 percent), and 25.3 percent of the respondents suggested sharing a part of the contribution amount by the government.

With regard to the support from the government to the informal economy workers in terms of their contributions to the NSSF, most of the KIs viewed that before expanding coverage to the informal economy workers and having them make voluntary contributions, the government can start by pilot testing with one or two schemes first and with only one/two categories (domestic workers, construction workers, or transportation workers like tuk tuk drivers).

### **Policy gaps and suggestions to close the gaps**

Not-well defined definition of informal workers: Based on the inter-ministerial Prakas no. 404, the term “informal workers” refers to workers who sign an employment contract which is not more than 8 (eight) hours a week, a part-time casual work, or a seasonal work, and that has been registered in the NSSF. The defined term is problematic because a majority of the informal economy workers work more than 8

hours a day, so it is impossible for anyone to be classified as an informal worker to receive the benefits of healthcare scheme stated in the Prakas no. 404. Thus, ILO’s definition of “informal workers” should be adopted.

The contribution procedure is not defined in Prakas no. 404: There is no specific statement mentioned in Prakas no. 404 on how informal workers can make contributions.

Limited scope of the Law on Social Security Schemes for Persons Defined by the Provisions of the Labor Law: There is no definition or coverage of the informal economy workers in the Law on Social Security Schemes.

### **Alternative options if the informal economy workers cannot contribute to the NSSF**

The alternative option if informal economy workers cannot contribute to the NSSF is to expand the coverage of the HEF to the informal workers as viewed by most of the KIs. As of now, the HEF is the largest social protection

#### Box 4.3: Government Support to the Informal Economy Workers in terms of their Contributions to the NSSF

**“It is ideal to start pilot testing with the IDEA as they have a network of informal economy workers as members. The workers are already in the system with the IDEA, so it is easy for the government to do pilot testing. For the first two years, the government can support 50 percent of the overall amount, so the informal economy workers need to pay 50 percent. The third-year informal economy workers will make full contributions to the NSSF.”**

► **Key Informant**

intervention which provides healthcare and benefits to millions of poor and vulnerable individuals nationwide. The HEF should be issued for informal workers and it is important to ensure that there is no discrimination against informal workers with the HEF in terms of the healthcare service delivery. Furthermore, expansion of the HEF means another step toward universal health coverage. In addition, participants in the workshop suggest creating a savings group within the workers association as pool funding for social insurance. The MLVT should allocate a budget to assist the informal economy workers in this direction.

#### **Enabling factors motivating the informal economy workers to participate in the NSSF**

With regard to the enabling factors that motivate the informal economy workers to participate in the NSSF, it is believed that the informal economy workers would access quality medical services and fair treatment – no discrimination between formal workers and informal economy workers in terms of service delivery. Enhancement of public health services also motivate the informal economy workers to join the NSSF. An effective complaint mechanism should be developed to ensure the quality of the services. Further, the benefits of the schemes meet the informal workers’ priority needs. To ensure that the target population is “informal economy workers,” awareness raising campaigns should be conducted to disseminate information about the schemes, their importance, the registration process, so on to the target audience widely prior to their implementation.





# 5. CONCLUSIONS AND RECOMMENDATIONS

This research study covers the broad spectrum of contributory capacity of the informal economy workers in urban area of Phnom Penh to the NSSF through the lens of research questions in the areas of the informal economy workers understanding about NSSF, their need and priorities for social protection and contribution to social security schemes. This section presents the main findings of the study along with its conclusions and recommendations.

## 5.1. Conclusions

The findings of this comprehensive study show that the informal economy workers had significantly limited understanding and knowledge about membership registration to the NSSF, available social security schemes, contribution amount for each scheme by members, benefits of the NSSF membership, including the process of making contribution to the NSSF and the procedure to claim benefits. Although close to two-thirds of the sample respondents (62.9 percent) were not aware of the NSSF, to tackle the vulnerability of the informal economy workers and their families, there is an urgent need of social protection for the informal economy workers in Cambodia. Considering

the case of the female workers, a lower percentage of them (35.2 percent) as compared to the male workers (39.2 percent) were aware about the NSSF and had relevant knowledge. In exploring whether or not their current earned income is enough to secure the daily future livelihood of their family, the female respondents (56.9 percent) have a greater concern about their future livelihood than the male respondents (48.6 percent). In addition, a higher percentage of female respondents (58.3 percent) would like to depend on their own savings in future in order to meet long-term sickness/injury or disability as compared to their male counterparts, and again, 35.2 percent of the female workers have considered using their own savings for their maternity, hospitalization, and

post-delivery expenses. Thus, the study reveals that in a majority of the cases, the informal economy workers' present income is not enough to secure their future needs, and it is more critical for the female workers. Therefore, securing their future livelihood necessitates bringing them under the coverage of social security.

Information sharing among the informal economy workers relating to the various provisions of the social security schemes is required to enhance the level of knowledge of the target groups. This was also felt by more than 90 percent of the respondents in the study. Among the various ways of sharing information, close to three-fourths of the respondents favored social networking sites as the most effective way.

Based on the nature of job, work settings, and presence of employment injury risk of the informal economy workers, the sample respondents including the KIs have strongly felt that the healthcare scheme should be considered on a priority basis followed by the employment injury scheme. The main reason for arguing in favor of the

healthcare scheme is due to the lack of universal health care coverage and expensive medical care/treatment. Second, the employment injury scheme was favored because most of the informal economy workers do not have private/individual accident insurance and therefore, if they get into an accident, they will have to use the healthcare system that is expensive and ineffective. As revealed, these two schemes should be first introduced to the informal economy workers and when these are in effect, the government should then introduce the pension scheme.

The study reveals that the informal economy workers are capable of contributing to the NSSF. However, based on the volatility in their monthly income flows and the need to meet their family expenses, a majority of the respondents (85.0 percent) preferred to contribute less than US\$ 2 per month preferably for healthcare. Although all the KIs believed that the informal economy workers have the capacity to contribute to the social security fund, there was no consensus on the amount that they could contribute. Further, almost half of the respondents (44.8 percent) preferred to contribute monthly, followed by around one-fourth (25.5 percent) who chose quarterly, and just above one-fifth (21.9 percent) who considered to pay half-yearly. In the light of their low income and instability in earnings, most of the respondents (66.2 percent) considered it as a challenge to continue their regular contributions. This was also corroborated by the KIs. According to them as the living expense keeps on increasing, the informal economy workers might not be able to make contributions regularly for a long period of time.

The key challenges that might hinder the informal economy workers to make regular contributions to the NSSF were unstable income, low level of earnings, financial pressure of their family, and current debt payment. Also, the external barriers that might impede the expansion of the NSSF coverage for the informal economy workers were mostly the lack of information and awareness about the NSSF of the target group, lack of information about the benefits of membership, lack of their understanding about the different social security schemes, membership registration process, process of making contribution, and benefits claiming procedure.

## 5.2. Recommendations

On the basis of these findings, the contributory capacity study intends to provide the following recommendations:

### **For RGC, CSOs and NGOs**

**Disseminating information widely to build understanding and knowledge among the informal economy workers about the NSSF:** Information on social security rules, regulations, schemes, benefits, eligibility conditions, membership contribution, administrative procedures, as well as workers' rights and obligations should be widely available through sources that have the potential to reach the target informal economy workers.

As revealed in the study, this could be done through using social networking sites extensively, conducting events, developing a corresponding app, and organizing meetings and visits to communities. Also, information can be broadcast

through public announcements, print media, radio, television, text messages, and billboards. Both the government and CSOs including NGOs should coordinate efforts in this direction. In addition, workers and organizations representing the informal economy can play a crucial role in disseminating information and raising awareness among their target groups.

### **Simplifying registration and contribution payment mechanisms:**

Providing easy and free or low-cost registration is necessary for the informal economy workers to join the NSSF. In this regard, first to extend the process of enrolment of the informal economy workers to the NSSF, CSOs may be entrusted to facilitate the workers in their enrolment process, and the Royal Government should coordinate with the CSOs to enable a system that would support this endeavor. Second, as there is no mention in Prakas no. 404 on how informal workers can make contributions, the mechanism relating to the contribution payment should be simplified to enable the informal

economy workers to have a hassle-free experience.

### **For RGC**

#### **Redefining the term of the**

**“informal workers”:** The defined term of the “informal workers” as per the inter-ministerial Prakas no. 404, is problematic, as a majority of the informal economy workers work more than 8 hours a day. As such, to classify someone as an informal worker to receive the benefits of healthcare scheme, the ILO’s definition of “informal workers” should be adopted by the government.

#### **Implementing a combination of contributory and non-contributory social protection schemes:**

In order to ensure basic social protection to the poorer sections of the society, particularly the informal economy workers, while at the same time, providing higher levels of protection to those who have some contributory capacities, the Royal Government should adopt both the approaches to extend social protection in the country.

#### **Adopting flexible payment modalities based on the characteristics and nature of the informal economy workers’**

**job:** Considering the presence of volatility in the flows of the informal economy workers’ monthly income, to encourage them to successfully make contributions to the NSSF, flexible payment modalities based on the characteristics and nature of their job should be adopted by the authority.

Extending support to the informal economy workers in contributing to the NSSF: In the light of the causal nature of employment in the informal sector, mechanisms should be in place to support the informal economy workers toward making contributions to the NSSF. The government should consider assisting the poor by subsidizing their contribution. During the first two years, the government should support 50 percent of the contribution and from the third-year onwards, the workers may be asked to contribute the full amount. Further, the government should make full contribution to the NSSF during shocks or emergencies where the informal economy workers face challenges in maintaining their livelihood.

#### **Developing a policy framework for female workers in the informal sector:**

As female workers are more concerned about their financial security during their old age, long-term sickness, injury or disability including maternity period, social protection can play a key role in ensuring income security for women of working age in the form of maternity protection, employment injury protection, and disability benefits. In order to enable more female workers to participate in the NSSF, it is necessary to change the approach of the social protection policies for the female workers in terms of their membership contribution to the NSSF. Considering the causal nature of employment in the

informal sector, including different occupational groups and employment statuses, policies should be flexible enough to suit the beneficiaries' working characteristics. First, the government should consider subsidizing a higher percentage of their contribution, and second, flexible payment modalities should be adopted allowing the female workers to avoid making contributions during their critical times like maternity period, hospitalization and post-delivery situations.

**Harnessing digital and mobile technology to facilitate access to social protection:** As technology has been playing a crucial role in today's economy, using mobile technology will be a great support in enhancing social security delivery to support the informal economy workers. This would also be easy and simple way to access it as a higher percentage of informal economy workers are not educated. The government should consider using digital means in support with the private sector and CSOs to extend social security coverage in terms of membership registration, contribution payment, benefits claim, etc. for the efficient and effective delivery of services.

**Piloting selected scheme:** To assess the suitability and effectiveness of the schemes to different occupational groups including administrative processes, first, the government should consider

piloting one or two schemes such as healthcare and/or occupational risk with only one or two categories of workers.

**Incorporating social security course modules in general education, vocational training, skills development and entrepreneurship programs:**

Keeping the long-term perspective in mind, social security course modules should be incorporated in general education, vocational training, skills development, and entrepreneurship programs to inform and educate people including the informal economy workers for whom the information on social security is extremely important.

To sum up, the findings of the study reveal that based on the informal economy workers' unstable job conditions, low earnings, volatility of income, level of understanding and knowledge about the social security, and capacity to

# REFERENCES

ActionAid and BBC Media Action (2021). Socio-Economic Impacts of Covid-19 on Workers in Informal Sector of Cambodia.

<https://cambodia.actionaid.org/publications/2021/socio-economic-impacts-covid-19-workers-informal-sector-cambodia#downloads>.

ADB (2020). Employment and poverty impact assessment: Cambodia.

<https://www.adb.org/sites/default/files/linked-documents/54195-001-sd-03.pdf>

ADB (2021). Kingdom of Cambodia; Covid-19 Active Response and Expenditure Support Program First Quarterly Monitoring Report (July-September 2020).

<https://www.adb.org/sites/default/files/project-documents/54195/54195-001-dpta-en.pdf>

Annear, P. L., Lee, T. J., Khim, K., Ir, P., Moscoe, E., Jordanwood, T., Bossert, T., Nachtnebel, M., & Lo, V. (2019). Protecting the poor? Impact of the national health equity fund on utilization of government health services in Cambodia, 2006-2013. *BMJ Global Health*, 4(6). <http://doi.org/10.1136/bmjgh-2019-001679>

Bunthoeun, T., Ham, C., Chenda, M., & Chanreaksmeidara, V. (2019), *Social Protection Programs in Cambodia Current and Future*, Parliamentary Institute of Cambodia, Phnom Penh.

[https://socialprotection.org/discover/legal\\_policy\\_frameworks/cambodian-national-social-protection-policy-framework-2016-2025](https://socialprotection.org/discover/legal_policy_frameworks/cambodian-national-social-protection-policy-framework-2016-2025)

Economic Institute of Cambodia (2006). *Decent Work in the Informal Economy in Cambodia: A Literature Review*. International Labour Office, Bangkok.

[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro\\_bangkok/documents/publication/wcms\\_bk\\_pb\\_132\\_en.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro_bangkok/documents/publication/wcms_bk_pb_132_en.pdf)

Gally, C. (2021). *Documenting Social Protection Best Practices: Disaster Risk Reduction and Disaster Management*, DanChurchAid, Phnom Penh.

<https://reliefweb.int/report/cambodia/documenting-social-protection-best-practices-disaster-risk-reduction-and-disaster>

ILO (2017). *World Social Protection Report 2017-19: Universal Social Protection to Achieve the Sustainable Development Goals*. ILO, Geneva.

[https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_604882.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_604882.pdf)

ILO (2018). Women and Men in the Informal Economy: A Statistical Picture (Third Edition). ILO, Geneva.

[https://www.ilo.org/wcmsp5/groups/public/---dgreports/-comm/documents/publication/wcms\\_626831.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/-comm/documents/publication/wcms_626831.pdf)

ILO (2021). Extending Social Security to Workers in the Informal Economy: Lessons from International Experience, International Labour Organization, Geneva.

<https://www.social-protection.org/gimi/RessourcePDF.action?id=55728>

MEF, MoH, and MLVT (2017). Inter-Ministerial Prakas on Implementation of Health Care Scheme Through Health Equity Fund System for Informal Workers and Provision of Additional Allowance for Female Workers When Delivery, Royal Government of Cambodia.

[https://businesscentercambodia.info/\\_iserv/dlfiles/dl.php?ddl=404-article-11-et-12-praka-404.pdf](https://businesscentercambodia.info/_iserv/dlfiles/dl.php?ddl=404-article-11-et-12-praka-404.pdf)

Nguyen, Quynh A. (2019). Extension of Social Security to Workers in Informal Employment in the ASEAN Region. ILO, Bangkok.

OECD (2017). Social Protection System Review of Cambodia, OECD Development Pathways, OECD Publishing, Paris.

<http://dx.doi.org/10.1787/9789264282285-eng>

RGC (2002). Law on Social Security Schemes for Persons Defined by the Provisions of the Labour Law. Royal Government of Cambodia, Phnom Penh.

RGC (2015). National Employment Policy. Royal Government of Cambodia, Phnom Penh.

RGC (2017). Strategy of Social Protection System Development 2016-2025. Royal Government of Cambodia, Phnom Penh.

Sok, P. (2018, August). CAMBODIA - Law on Social Security. American Bar Association. [https://www.americanbar.org/groups/labor\\_law/publications/ilelc\\_newsletters/issue-august-2018/cambodia-law-on-social-security/](https://www.americanbar.org/groups/labor_law/publications/ilelc_newsletters/issue-august-2018/cambodia-law-on-social-security/)

UNDP (2021). Counting the Cost of COVID-19 to Cambodia's Informal Worker. United Nations Development Programme, Phnom Penh.

<https://www.kh.undp.org/content/cambodia/en/home/blog/2021/counting-the-cost-of-covid-to-cambodias-informal-workers.html>

Zambra, C. (2018). Realizing the Promise of Social Assistance. Cambodia Policy Note. World Bank Group, Washington, D.C.

<https://documents.worldbank.org/curated/en/241131543595892968/pdf/128268-REVISED-WP-PUBLIC-Social-Assistance-web.pdf>

🏠 **Oxfam in Cambodia**

The Point, 3F, No. 113C, Mao Tse Tung Blvd.,  
Tuol Svay Prey I, Beung Keng Kang, Phnom Penh, Cambodia

☎ (855) 23885 412 / (855) 23885413

@ Info.Cambodia@oxfam.org

🌐 <https://cambodia.oxfam.org>

**Implemented by:**

