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TACKLING CHILDCARE: Employer-Supported Childcare in Cambodia

July 2020



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This landscape research report was developed under the overall guidance of Henriette Kolb and was led by Amy Luinstra and Roshika Singh (Gender and Economic Inclusion Group, IFC). This report also benefits from valuable contributions and peer review from Rudaba Nasir and Sherrilee Ann Le Mottee (Gender and Economic Inclusion Group, IFC) and Erik Caldwell Johnson (World Bank).

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Foreword

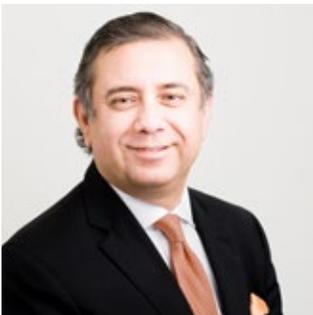
No economy can achieve its potential without the full and equal participation of women. Cambodia's record of rapid growth, which coincides with high and increasing levels of female labor force participation, is an illustration of this. Individual companies also benefit from increasing employment of women and achieving gender balance at all levels of the organization.

IFC research and direct experience with clients has shown business benefits from applying gender-smart workplace policies and practices, including those that support their employees' childcare needs. Companies making these efforts find it easier to recruit, retain, and promote top talent, as well as maximize productivity, innovation, and teamwork. For IFC, the world's largest global development institution focused on the private sector, advancing gender equality is thus an important priority.

This report presents a landscape analysis of public and private sector childcare provision available to workers in formal employment in Cambodia. Our aim is to offer evidence and options for employer-supported childcare in Cambodia to improve business outcomes and pave the way for greater compliance with the legal mandate.

As this report was being finalized, Cambodia was impacted by the COVID-19 pandemic. Despite fewer reported cases of the virus compared to many neighbors, Cambodia's reliance on tourism for one-third of GDP and garment manufacturing for even more of its economy mean the impact could be particularly bad. It will also not be gender neutral. In addition to being the most affected, tourism and manufacturing are also distinguishable as being the most female-intensive sectors in the country. More than 80 percent of garment workers, from a workforce of approximately 800,000, are women and will be disproportionately affected by factory closures or factories operating at reduced capacity that result in job or income loss.

Despite the acute economic impact of the COVID-19 pandemic in Cambodia, we stand by the fundamental argument presented in this report – facilitating women's full engagement in the economy as workers, leaders, and entrepreneurs is an investment worth making. Measures taken in response to the COVID-19 pandemic, such as closing schools and daycare centers and instructing employees to work from home if possible has made the relationship between adequate childcare and workplace productivity more obvious than ever. The COVID-19 pandemic has intensified the care crisis in Cambodia and left workers, particularly women, with fewer options to support caring for their children that has affected their ability to remain fully engaged in the workforce. The report includes case studies of companies who understand this and are already supporting employees' care responsibilities. We hope it will inspire others to follow in their footsteps.



A handwritten signature in black ink that reads "Vivek" with a stylized flourish underneath.

Vivek Pathak
Director, East Asia Pacific

Executive summary

Since Cambodia became a lower-middle-income country in 2015, the country has boasted the highest labor force participation in Southeast Asia and the Pacific region. In 2018, the participation rate for the female workforce and male workforce was 81.2 percent and 88.7 percent respectively (ILO 2019). A rapidly increasing young population and increasing numbers of migrant workers from rural areas have accompanied the country's economic transition. Female labor participation is high, but the full potential of women in the workforce has yet to be unlocked. World Bank analysis points to persistent gender pay gaps and lack of access to all fields of work. This has limited women's opportunities to create stable careers and to transform higher education into well-paid jobs.¹ Their disproportionate responsibility for unpaid work at home, including childcare², is one of the biggest structural barriers. This restricts women from taking and staying in paid jobs, undertaking skills training, and pursuing opportunities for career progression.

IFC recognizes that formal childcare is a development priority: a win-win solution for employees, employers, and the economy. Improved access to childcare helps parents—especially women—seek more fulfilling jobs and advance in their careers. For the private sector, supporting employees' childcare needs helps companies reduce employee turnover and absenteeism while improving productivity. The contribution to the economy as a whole is realized when parents are able to access childcare and enter or maximize their contribution to the workforce and contribute to a country's GDP. The value of unpaid care is estimated at **\$10 trillion** or 13% of global GDP (McKinsey, 2016), so investing in childcare can have direct economic benefits. As demonstrated in *IFC's Tackling Childcare: The Business Case for Employer-Supported Childcare* (IFC 2017), providing better employer-supported childcare has resulted in more effective recruitment and retention of qualified employees, lowered attrition rate, boosted productivity and workforce diversity, and enhanced corporate reputation.

Employer-supported childcare is at a nascent stage in Cambodia. Employees across all business sectors—especially those in low-income populations—lack affordable childcare services. This report examines the regulatory landscape in the country, analyzes key drivers of, and gaps in employer-supported childcare, and identifies a suite of available childcare options and models provided by employers. The report also assesses the accessibility, availability, quality, and affordability of private childcare in Cambodia, and presents a business case for investing in it.

Findings of Childcare Survey and Focus Group Discussions

To understand the current situation of employer-driven childcare in Cambodia, an employer survey was administered during May-July 2019 to 69 companies from different sectors, including garment and footwear, banking, tourism and hospitality, agribusiness, and other manufacturing industries. Interviews were conducted with 21 employers, as well as with nine business associations and related multi-stakeholders. To gather the perspective of parents, 37 mothers and 13 fathers at five companies joined focus group discussions. Forty-three private childcare providers participated in the study. Twenty-three of them were in urban areas, such as Phnom Penh, Sihanoukville, and Siem Reap, and the rest were in rural areas, including Kampong Speu, Kampong Chhnang, and Kampot. The sample selection aimed to represent a diverse field of rural and urban, domestic and export-oriented businesses from different provinces, which employ both white- and blue-color workers from diverse socio-economic backgrounds. The objective was to capture a range of childcare providers across Cambodia's economy to provide valuable and significant insights into the status of private childcare at workplace.

¹ Cunningham et al. (2019). Cambodia's Future Jobs: Linking to the Economy of Tomorrow. World Bank: Washington, D.C.

² See Asia Pacific UNDP, "Transforming the Future of Work for Gender Equality Initiative". November 25, 2019.

https://www.asia-pacific.undp.org/content/rbap/en/home/gender-equality/in-depth/transforming_future_work_4_gender_equality_initiative.html

Labor Law of Cambodia

The provision of private childcare in the country is governed by the 1997 Labor Law of Cambodia. According to Article 186, managers of enterprises employing a minimum of 100 women or girls (over the legal age for employment) shall set up a nursing room and a crèche (childcare center), either within their premises or nearby³. If the company does not offer a childcare option onsite or nearby, female workers with children 18 months old to 36 months have the right to place them in any crèche and the charges shall be paid by the employer. The Arbitration Council, the independent national institution which is responsible for assisting parties in resolving collective labor disputes in Cambodia, has clarified that paying childcare allowances does not relieve the employers from their obligation to set up childcare centers themselves. The law does not offer details on the required standards for onsite crèches and also does not give any guidance on how much allowance should be paid if children are placed in outside crèches.

The highlights of the survey are presented below:

Low awareness of childcare provisions in Labor Law: Employers surveyed do not have a high awareness of the law on employers' responsibility to support childcare. Slightly more than half of the employers surveyed (37 out of 69; 54 percent) are aware of the law, and 29 out of 69 (42 percent) are not clear about the details. Employers interviewed shared that there is no clear communication on the law and the legal consequence of non-compliance; some are also unsure of the legal stipulation that makes childcare an employer's responsibility.

Lack of data: Few employers have assessed the need for childcare and collected data from their workers. Out of 69 companies, 42 gather only basic information about the number of employees with children under the age of six. Companies in the garment and footwear industry are more likely to collect data of employees'

children than other companies surveyed. This is because the Better Factories Cambodia (BFC)⁴ program monitors compliance of all export-oriented garment factories.

Onsite facilities: The company survey revealed that 33 percent of companies offer onsite or nearby childcare. The number is even lower (22 percent) among those companies with more than a 100 female workers who are legally obliged to offer an onsite childcare service.

It is much more common for garment and footwear factories to set up onsite or nearby childcare centers than companies in other industries due to additional oversight faced by the industry through their international buyers, trade partners, NGOs, and the BFC program. In line with the legal provision, 78 percent of respondents cater only to children between 18 months and three years of age.

Most factories report low or no usage of onsite or nearby childcare centers⁵. There are many reasons for low uptake. Onsite or nearby childcare centers are not sufficiently equipped, both in terms of facilities, materials, and in terms of teachers or caretakers. Additionally, parent workers may be unwilling to bring their children due to the long, unsafe and unhealthy commutes. As a result of **the insufficient standards of most onsite childcare facilities, the development of onsite childcare solutions has remained subpar despite the legal obligation.**

Childcare allowance: Providing childcare allowance is the most common form of support, with more than half of the companies surveyed (47 percent) providing childcare allowances. Allowances range from \$3 to \$25 per month. About 70 percent of the companies give less than \$10 per child per month. Nonetheless, for large employers, the total amount spent on childcare allowance can be significant. One bank participating in the survey reported spending more than \$150,000 per month on childcare allowance for their 12,000 employees. On average, they spend around \$15 per child per month.

3 Article 186: "Managers of enterprises employing a minimum of one hundred women or girls shall set up, within their establishments or nearby, a nursing room and a crèche (daycare center). If the company is not able to set up a crèche on its premises for children over eighteen months of age, female workers can place their children in any crèche and the charges shall be paid by the employer" (<https://www.ilo.org/dyn/travail/docs/701/Labor>). The Ministry of Labor and Vocational Training has further clarified in a letter that the workers can claim childcare charges for their children from 18 to 36 months old (http://ilo.org/wcmsps/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms_203802.pdf).

4 Better Factories Cambodia is a program created by the International Labor Organization (ILO) and ICF whose mission is to improve working conditions in the garment factories in Cambodia and to boost the competitiveness of the garment industry.

5 ILO, 2018c.

Employers' other responses to childcare needs: Apart from providing childcare allowance and on-site childcare facilities, employers in Cambodia are responding to the diverse childcare needs of their employees with a variety of measures. These could range from relatively easier solutions such as facilitating access to childcare service providers or allowing flexi-time and flexible workstations, to more resource-intensive ones, such as subsidizing the use of private childcare services for parents.

Benefits of childcare facilities: Although the key driver of setting up an onsite childcare facility is to meet compliance requirements, companies that run a functional childcare facility have recognized the positive impact it has for businesses, including improved employee retention, especially among women after maternity leave. They also see a more motivated workforce and an improvement in the reputation of the company. Moreover, providing childcare is considered a strategy to mitigate the risk of child labor, particularly in agribusiness. Figure ES.2 describes types of childcare support among survey respondents.

Absenteeism related to childcare needs: Most businesses in Cambodia have not systematically evaluated the impact of childcare challenges on their employees. About two-thirds of the companies surveyed observed that employees come to work late or leave early because of childcare responsibilities. Close to a third of the companies experienced employees missing work or quitting for the same reason. (See figure ES.3 for survey results.)

Challenges in accessing quality services: Because of the limited childcare services in Cambodia, employees find it challenging to access affordable and quality services. There is little public information about private childcare service providers, and only a few (12 out of 43 surveyed) serve children under the age of two years. There are no clear national standards of the types of childcare services for different age groups, nor is there a standard guideline regarding the quality of childcare service. Most service providers develop their own guidelines from multiple sources.

Rising demand for childcare services: There is consensus among the companies interviewed that the demand for childcare services will rise in the coming years because of the expansion of the workforce⁶ and parent workers, the emergence of nuclear families, and perceived business benefits. Many companies are interested in partnering with community-based childcare centers run by private or non-governmental organization (NGO) for the benefit of their employees.

Actions to Support Childcare

This study outlines a range of possible actions for employers, childcare service providers, and the government to support parent workers in Cambodia.

Employers can assess employees' childcare needs and provide a range of options to best support their childcare responsibilities. Options include low-resource solutions, such as referring employees to private or public service providers that have been assessed to be of good quality, providing parenting training, and creating parents' peer support groups, to more resource-intensive options, such as running onsite childcare centers or close to the worksite premises, independently or in partnership with private or NGO service providers, and fully or partly financing spaces for their employees' children in existing childcare centers.

Childcare service providers can develop a better understanding of the needs of both the employers and employees to offer market-responsive services, building trust with employees through transparent exchange of information and quality services. Importantly, they should also develop business models that expand access for lower-income workers.

Government agencies can act as regulators, enablers, or service providers. An important step is to set standards for childcare service providers through a sub-decree and associated regulations that clarify how employers are required to comply with the Labor Law. Moreover, the government can invest more in the task of promoting the Law and compliance because current public awareness about this legal provision is still low. The government

6 The increasing numbers of employees over the time.

can also explore innovative financing models through different incentives for employers, employees, and service providers. These could be in the form of tax break, subsidies or rebates and other such benefits for service providers or employers. In the public sector, providing childcare to civil servants could be a sure way of attracting talent and motivating employees.

Partnerships between the public and private sectors on childcare can help leverage considerable resources to expand access to affordable and quality childcare services. This can increase the overall workforce productivity today, as well as the potential of future parent employees, who receive improved early childhood development support.



1. Introduction

With sustained economic growth over two decades, Cambodia has transitioned from being one of the world's poorest countries to a lower-middle-income status in 2015. Driven by garment exports and tourism, the country has sustained an average growth rate of 8 percent between 1998 and 2018, making it one of the fastest-growing economies in the world.⁷ Cambodia has the highest labor force participation rate in the Southeast Asia and the Pacific region (ILO Regional Office for Asia and the Pacific 2018), adding approximately 270,000 to the labor market every year (ILO 2019). However, skills development remains a challenge and employers face difficulties in recruiting and retaining employees across all sectors. Cambodia's skills gap and low labor force productivity could shackle its economy from reaching its potential (ADB 2015). The Cambodian Sustainable Development Goals Framework 2016-2030 (approved in November 2018), has a focus to promote gender equality and empowering women and notes that *empowering women in wage employment is 'unfinished business' and requires on-going attention.*

Access to childcare positively impacts women's employment and can contribute to closing the remaining gender gap in labor force participation as well as improving early health and education for children laying the groundwork for a healthy and skilled workforce for the future. To promote awareness of this win-win solution for employees, employers, and the economy, IFC commissioned a study to assess awareness, perception, demand, and current arrangements for childcare from employers' perspectives. This report aims to assist Cambodia-based employers, government agencies, and childcare providers to address the needs of the nation's changing labor demographics and the emerging labor market requirement – to keep pace with the growing economy.

As women in Cambodia continue to enter the formal labor force, with a large number in the garment sector, many facing challenges of combining family responsibilities with professional work. A World Bank study in the Kampong Speu Province among garment workers in 10 communities shows an increasing demand among

parents for childcare solutions.⁸ However, few employers offer childcare support, and those that do may not always have effective measures in place. The market for private sector childcare provision in general, and employer-supported childcare specifically is at a nascent stage in Cambodia. Childcare service providers have a strong motivation to partner with employers to serve the childcare needs of employees at different income strata, but few have done so. Employers have difficulty accessing information on childcare options, and do not have a complete understanding nor systematic way to document the business benefits of providing childcare.

The care industry is growing unevenly in Cambodia. During the last few years, multiple private childcare centers have opened in Phnom Penh, propelled by demand by upper-income families. However, in other provinces – even provinces with growing urban areas such as Battambang, Siem Reap or Sihanoukville – childcare services that cater to children one to two years of age are almost nonexistent, with isolated initiatives from local nongovernmental organizations (NGOs) or socially committed employers.

Early Childhood Care and Development (ECCD) is a high priority of the Cambodian government. Cambodia is one of the 26 economies out of 189 in the world in which employers are legally required to provide or support childcare services for employees (World Bank 2019c). As the government is now beginning to implement the National Action Plan on ECCD 2019–23, the time is right to set the standard of employer-supported childcare and create an enabling environment for public-private partnerships.

Governmental efforts have not yet benefited most of the labor force, especially female employees. While female labor participation is high compared to that of neighboring countries, it still lags behind that of men (81.2 percent and 88.7 percent, respectively) (ILO 2019). Women's disproportionate responsibility of unpaid work at home, including childcare, restricts them from taking paid jobs, undertaking skills training, and pursuing career progression opportunities⁹.

7 For more information, see the World Bank web page "The World Bank in Cambodia" at <https://www.worldbank.org/en/country/cambodia/overview>.

8 World Bank, 2019b

9 See Asia Pacific UNDP, "Transforming the Future of Work for Gender Equality Initiative". November 25, 2019.

https://www.asia-pacific.undp.org/content/rbap/en/home/gender-equality/in-depth/transforming_future_work_4_gender_equality_initiative.html

This report highlights the status of private-sector supported childcare in the following industries: garment and footwear, banking, tourism and hospitality, and agriculture. The report also explores supply-side factors of private childcare service providers: accessibility, availability, quality, and affordability of services. Finally, the report identifies future opportunities to adapt and innovate so that businesses, childcare service providers, and the government can best support the nation's childcare needs.

Methodology

The study examines the demand and supply of employer-supported childcare in Cambodia through a mixed method approach undertaken from May to July 2019.

The study selected companies in four significant industries: garment and footwear, banking, tourism and hospitality, and agribusiness. A number of other manufacturing companies, small and medium enterprises (SMEs), and microfinance companies were also included. Table 1.1 shows sources used in collecting data on the private sector.

Sixty-nine companies completed an *online employer survey* on their awareness of the law, perception and provisions of employer-supported childcare, business benefits, and future plans. Most companies are in the garment and footwear sector (43 out of 69 or 62 percent), followed by banking (10 out of 69 or 15 percent). About 80 percent (55 out of 69) of the companies are multinationals and the rest are domestic firms.

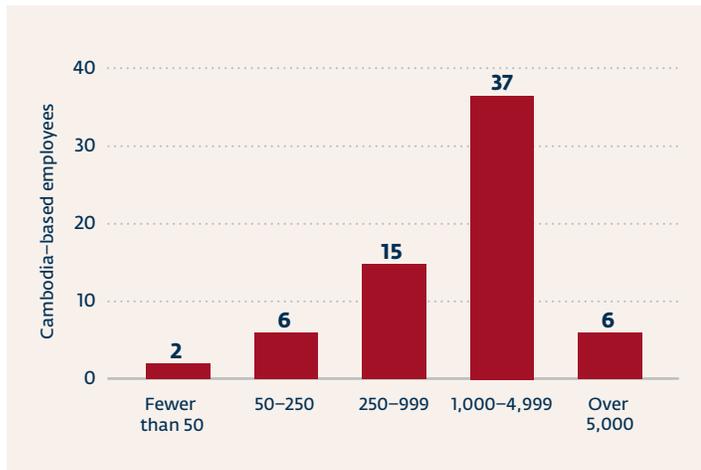
Half of the survey respondents are human resources (HR) staff, followed by supervisors or middle management (13 out of 69; 19 percent) and senior management or executive (8 out of 69; 12 percent). The gender breakdown is 51 percent men, and 49 percent, women. Half of the companies surveyed (37 out of 66; 56 percent) have 1,000 to 4,999 employees, and six companies have more than 5,000 employees. In most companies (54 out of 66; 82 percent) more than 50 percent of employees are women (figure 1.1).

Table 1.1 Sources for Childcare Data in Cambodia

Industry	Online employer survey	Employer interview	Employee focus group discussion
Garment and footwear	43	7	2
Banking	10	3	—
Tourism and hospitality	2	7	2
Agribusiness	3	3	1
Others (other manufacturing, SMEs, and microfinance)	11	1	
Employer associations	n.a.	9	n.a.
Total	69	30	5

Note: n.a. = not available; SME = small and medium enterprises; — = not applicable.

Figure 1.1 Size of Companies Surveyed (n=66)



Interviews and discussion groups provided deeper insights into the survey results:

Interviews with 21 company managers gathered deeper insights into companies' perceived childcare needs, current and planned provisions of childcare support, the business impact, and their ideas on collaboration. Representatives from nine business associations and multi-stakeholder initiatives were interviewed for their industry perspectives.

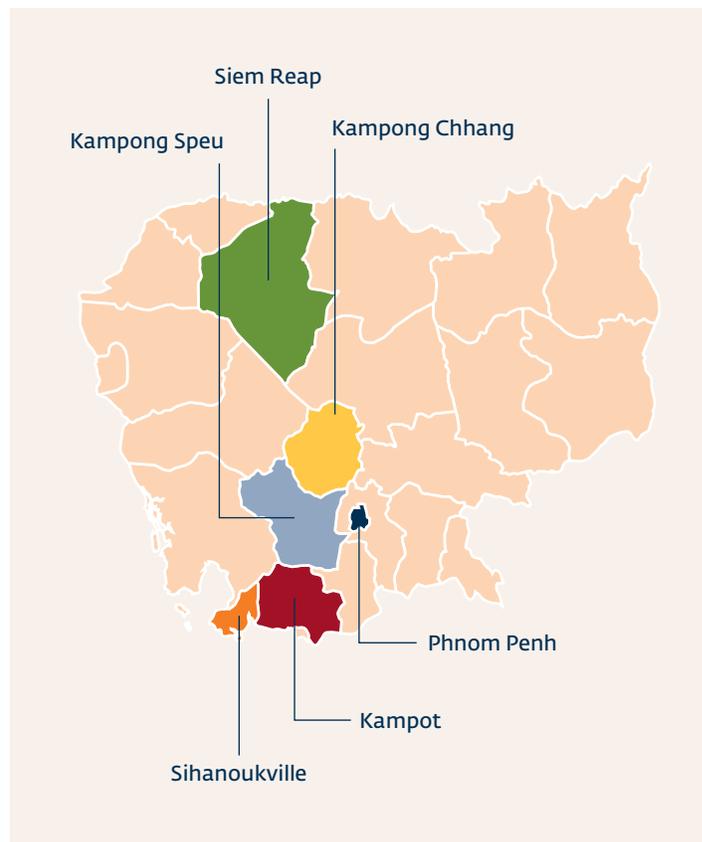
Focus group discussions were held with 37 mothers and 13 fathers at five companies.

Government staff interviews with representatives of the Ministry of Labor and Vocational Training, the Ministry of Interior, and the Ministry of Women's Affairs provided governmental perspectives on employers' responsibilities to support childcare.

Childcare Service Providers

Forty-three private childcare providers participated in the study; 23 in urban areas (including Phnom Penh, Sihanoukville, and Siem Reap), and the rest (20) in rural areas (including Kampong Speu, Kampong Chhnang, and Kampot). Data and information on their service provisions, business model and experience, and plan to work with companies were collected through interviews (see figure 1.2).

Figure 1.2 Distribution of Childcare Centers Participating in the Study





BOX 1.
WORLD BANK PROJECT TO PROVIDE COMMUNITY-BASED CHILDCARE FOR GARMENT WORKERS IN CAMBODIA

The World Bank is leading a pilot project to establish and operate approximately 25 childcare centers in selected communities in Cambodia for pre-school children of garment sector workers. The project covers the construction, set-up, and training costs. Parent factories and international buyers share operational costs of providing the service to be operated by an experienced NGO. The project will track key business indicators as well as the impact on children, parents, and communities.

The project will be executed over 4 years from 2020 – 2023.

The objective is to establish sustainable community-based childcare services for garment factory workers that boost factory worker retention, raise household consumption, and improve child development. Through model community-based childcare centers (CBCCs) that are replicable, scalable and sustainable, the project will boost the well-being of female garment workers and their families in ways that are mutually beneficial to them and their employers.

The project seeks to leverage a co-financing model with factories and parents, with a focus on building sustainability of the CBCCs. The initial Project investment provide by the Government of Japan through the Japan Social Development Fund will establish the physical premises for the pilot CBCCs and develop the legal and institutional arrangements, training material, and guidelines for operating quality centers. The operational costs will be co-financed from the beginning by workers and factories. International buyers are also providing support, either by funding the establishment of the CBCCs in the initial phase. or incentivizing their supplier factories to participate.

The CBCCs will be managed by an NGO who will be responsible for hiring and training staff, developing training materials, curriculum, maintaining the centers and managing all aspects of the project, including reporting and monitoring and evaluation. The project will build a model of a demand-driven and affordable solution to offer childcare at a community level in Cambodia.

Childcare provision will enable workers to stay employed or return to work sooner once their maternity leave is over and reduce unplanned absenteeism due to childcare disruption. The project will target 700 children during project implementation, with a total of 3,500 beneficiaries as all members of the children's families will benefit. Curriculum will be developed to contribute towards enhanced learning for overall child development, including cognitive growth, motor skills, social skills and early learning. The project will provide healthy meals and monitor health standards, resulting in better nutrition and health outcomes of children. Impact on factories will be measured in terms of reduced worker turnover, less absenteeism, and other measures of worker productivity.

The key results that this project intends to accomplish are:

1. Community-based childcare centers (CBCCs) are financially sustainable before the conclusion of project financing
2. Increased household consumption for families with children enrolled in CBCCs
3. Increased retention (reduced turnover and absenteeism) of female workers from participating garment factories. Increased level of cognitive development for the children enrolled in CBCCs
4. Increased level of cognitive development for the children enrolled in CBCCs



2. Employer Survey: Perception and Provision of Childcare

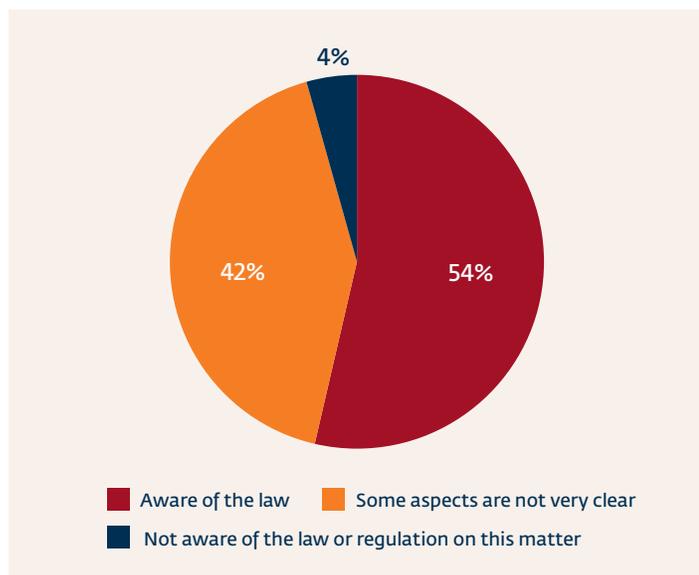
This section discusses the results of an *online employer survey* completed by sixty-nine businesses on their awareness of the law, perception and provisions of employer-supported childcare, business benefits, and future plans.

Awareness of Legal Provision for Employer Supported Childcare

Article 186 of the 1997 *Labor Law of Cambodia* regulates employers' responsibilities in supporting childcare in the workplace (see more detail about legal provisions related to childcare- in appendix A, table A.2), which mandates every employer with more than 100 female employees to provide childcare.

The surveyed employers have little understanding of the Labor Law (figure 2.1). Slightly more than half (37 out of 69; 54 percent) are aware of the law, and 29 out of 69 (42 percent) are not clear on the details. Employers noted insufficient communication about the law and the legal consequence of noncompliance. Some are not sure about the trigger for the obligation whether it is 100 female employees or 100 employees regardless of gender.

Figure 2.1 Survey Results: Awareness Level of Employers on Labor Law and Regulation



BOX 2: RISING DEMAND FOR EMPLOYEE CHILDCARE

The workforce in Cambodia is young, and hence most employees in the job market have childcare responsibilities during their working lives. In a labor-intensive industry such as the garment sector, workers join the factory at typically 18 years of age and are still very young when they become parents for the first time as 24 to 25 years olds. A factory manager interviewed for the survey expected 10 percent of his workers to become parents in the next few years. Many of these workers are migrants, and according to an HR manager, "The demand for childcare in the city will increase even more as workers want to keep their children with them in Phnom Penh."

Other employment-generating industries such as agribusiness and banking show a similar trend. A rice miller and exporter, who employs 200 full-time staff and 100 indirect workers in four provinces, expects that around 15 percent of his frontline staff would become parents in the next three years. Two of the interviewed banks also have a similar projection. One bank that tracks the employees getting married estimates that around 10 percent of the employees will become parents in the next couple of years. Another bank is setting up a similar forecasting system as they realize the importance of being able to respond to the needs of their employees. Amid Cambodia's economic growth and internal migration, traditional family structures are undergoing a rapid transformation. A general manager at an agribusiness firm observes, "Young people in Cambodia have started to adapt to life in cities, living in condominiums or apartments as nuclear families. Typically, both the partners need to work and do not have the support of their parents or grandparents. Therefore, the demand for childcare support will increase."

BOX 4.1:
EVOLVING CHILDCARE SUPPORT AT HRINC

HRINC offers human resources (HR) services on consulting, recruitment, outsourcing, and training. Established in 2005, it has about 100 workers and manages 800 outsourced staff for clients. Like many small and medium enterprises (SMEs), HRINC management designed and implemented childcare solutions based on the evolving needs of the employees. As the company expanded, the number of employees' children increased, as did the childcare needs. A nanny and part-time cleaner were hired to take care of the young children. As the children grew older, a trained teacher was hired to give proper classes to about 10 children on Khmer, math, and drawing.

When children started to attend formal school, HRINC scaled back the on-site support and no longer hires teacher in its facility. Instead, it expanded off-site options by referring employees to an external service provider vetted by HRINC's staff through on-site inspection and offers a 50 percent discount to its employees. The fee for childcare services in the area can range from \$50 to \$200 per month).

"There is no one-size-fits-all solution, and companies need to answer to changing demands. We set up a parent committee and collect feedback from them from time to time; this aligns with our corporate value to prioritize relationships. Being flexible helps us to respond better to employees' needs and retain them." —Group Employee Engagement Manager, HRINC

Current Practices in Assessing Children's Needs

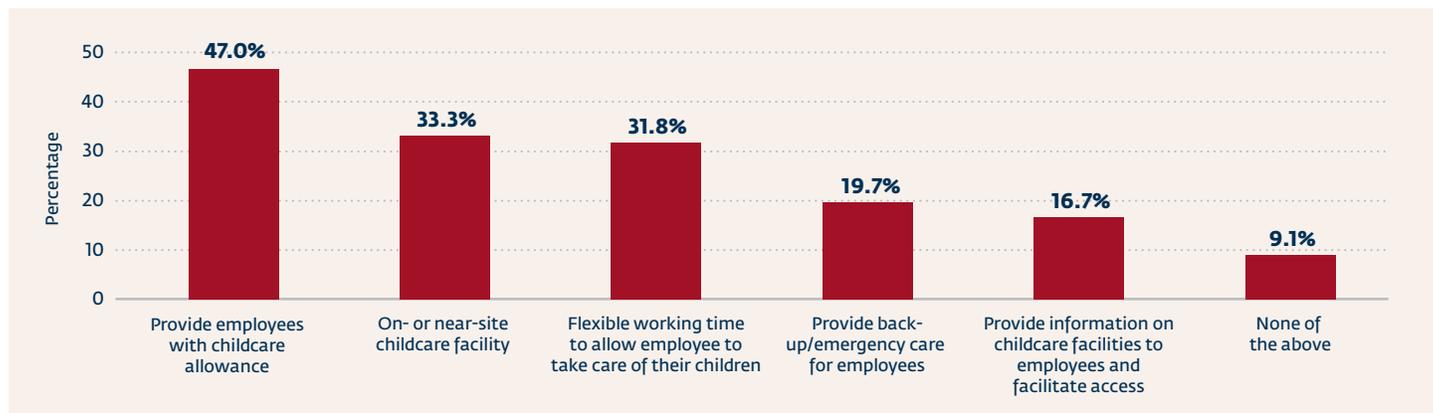
Despite acknowledging growing demand (See Box 2), few of the surveyed employers currently have a robust system to assess the childcare needs of their employees. Out of 69 companies, 42 have only basic information about the number of their employees who have children under six years old. Likely due to the Better Factories Cambodia (BFC) Program, a partners of the International Labor Organization (ILO) and IFC to improve the working conditions in Cambodia's garment factories and boost the competitiveness of the industry, companies in the garment and footwear industry have stronger data systems in place with three-quarters collecting data on employees' children (32 out of 42). They are also more likely to record the date of birth of employees' children, especially those between 18 to 36 months, for calculation and distribution of childcare allowances.

A few surveyed companies analyse childcare needs strategically. Pactics, a microfiber manufacturer, conducts an annual forecast. It anticipates upcoming maternity leaves by collecting information on pregnant workers' due date, and records all maternity leaves taken. The company then uses the data to determine the needed capacity of their childcare center and budget for childcare allowances. Another example is ACLEDA Bank, which conducts employee surveys about childcare issues. Artisan Angkor integrates childcare questions into employees' satisfaction surveys and social impact assessments. See also box 4.1.

Current Practices in Employer-Supported Childcare

Close to half of the companies surveyed (47 percent) provide employees with childcare allowances (figure 4.2). But a sizeable 33 percent of all surveyed companies indicate that they have an onsite or near-site childcare facility. Among employers with more than 100 female employees, those companies that are legally obliged to set up a childcare facility, 22percent have done so. As discussed below, only a minority of these childcare centers are actually functional.

Figure 4.2 Types of Current Childcare Support (n=66)



Apart from monetary support and provision of a physical facility, companies support employees' childcare needs through other workplace policies and arrangements. Close to one-third of the companies surveyed (32 percent) allow employees to work flexible time to enable them to look after their children, and about 20 percent provide backup or emergency care. Only a small percentage of employers (17 percent) provide information on what childcare options are available to their employees.

Nine percent of the companies surveyed do not provide any childcare support. No company has implemented other child-centered activities, such as running summer or holiday camps for employees' children. There is also no or little collaboration with other local companies to set up shared childcare facilities (0 percent) or partnerships with private or nongovernmental organization (NGO) centers to provide childcare services (2 percent).

Below we will look at the different provisions in more detail.

Childcare Allowance

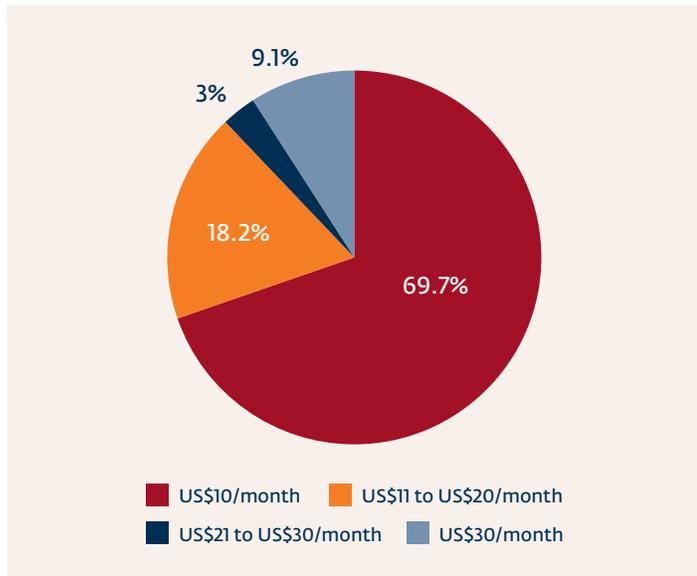
As mentioned above, nearly half of the surveyed companies (47 percent) provide employees with a childcare allowance, and the number is slightly higher, at 52 percent, among companies with more than 100 female workers who have a legal obligation to support their employees with allowances if they cannot place their children in an on-site creche.

There are currently no clear regulations or guidelines on the calculation of the allowance, but the Arbitration council has emphasized that costs should be in line with actual costs for childcare. In our sample, close to 70 percent of the companies surveyed give less than \$10 per child per month (figure 4.3), an amount generally considered too low to cover the actual cost. Without clear guidance in regulation, it is left largely to the company's discretion how much to pay.

Employer expenditure for childcare allowances vary greatly. A bank with around 12,000 employees spent over \$150,000 per month on childcare allowance, paying around \$15 per child (and an overall average of \$12.50 per employee), whereas a footwear factory with 4,165 workers spent \$1,700 per month (an average of \$ 2.50 per employee).

The survey also found that many view childcare allowances as a substitute to onsite childcare facilities. Only one-third of companies (33 percent) with childcare facilities provide childcare allowances, compared to 64 percent of those without childcare facilities. The number is largely driven by the respondents from the footwear and garment sector where both the expectations of buyers and the Better Factories Cambodia program drive up compliance. For buyers and BFC, factory visits will request evidence that workers who cannot place their children in an onsite childcare facility are being provided with a child-care allowance.

Figure 4.3 Amount of Monthly Childcare Allowance



“The government should review the law and define the amount of childcare allowance, for example, to be \$10 to \$20 per child.”

HR Supervisor, Footwear Factory

Who Receives Child-care Allowances

In line with the provisions of the law, more than half of the companies (56 percent) provide allowances only to eligible *female* employees; fathers are not entitled to the allowance. Similarly, most companies provide childcare allowances to parents of children between 18 months and 36 months old. A notable exception is a local bank, which provides a childcare allowance of \$15 per child per month for all children up to the age of 18 years; a maximum of four children per employee are entitled to the allowance. The survey did not find any evidence that showed that employers would make allowances depending on tenure or other criteria.

Reasons Employers Opt for Childcare Allowance Versus Other Options

When asked why companies preferred to give a cash allowance instead of providing in-house or outsourced childcare services, respondents shared the following reasons:

- Worker demand. During interviews, factory management stated that workers do not trust the on-site childcare facility and prefer receiving cash allowances so that they can spend it on their own arrangements. According to a factory owner, “It is actually cheaper for the factory to set up a childcare center than pay allowances. For example, it takes \$3,000 to set up the facility, and it does not cost much to hire a caretaker, but workers prefer and request cash allowances instead.”
- Managing in-house childcare services is complicated. It is easier for companies to give cash allowances than to set up childcare in order to comply with the law.
- Distance and safety of transport. Factory managers indicated that many working parents would not want to bring their children because the commute is too long, dangerous, or complicated; they opt for cash allowances to be in line with the compliance requirements.
- Better economic sense for smaller companies. “Bigger factories with more than 2,000 workers are in better financial position to run on-site centers and enjoy the economy of scale,” according to the Garment Manufacturers Association of Cambodia.
- Lack of access to childcare options. Employers commented that because they often do not know how to link their employees to childcare services, they simply pay allowances to employees. It also keeps administrative work to a minimum, instead of creating a subsidy system for an existing daycare option.

Onsite Childcare Facilities

Functioning onsite childcare centers are rather limited. Of the 59 factories that reported having a childcare center, the survey found only four functioning, with children attending the center.

Most factories (82 percent) that do offer nearby or on-site childcare, do so for free to their employees, but given the lack of quality and weak implementation of the centers, these are sparsely used. Our survey reported 127 children in on-site childcare centers, each of which accommodates 4-19 children on average.

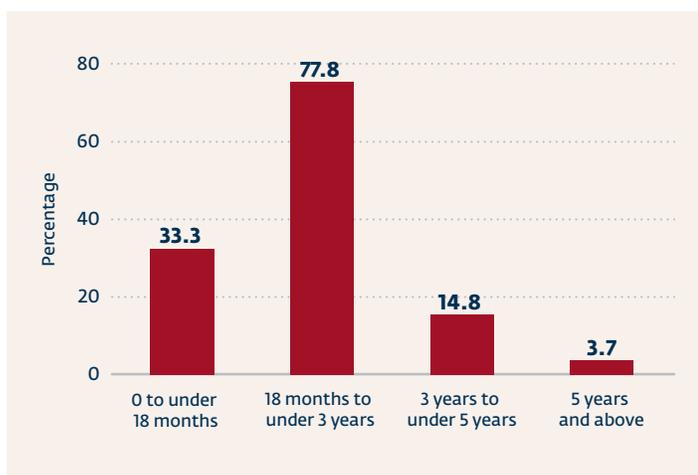
This led us to conclude that only few employees in Cambodia actually benefit from onsite childcare facilities. Of the 21,700 people with children under six, and working for companies surveyed for this study, not even 1 percent (197) benefit from onsite services.

Limitation on Eligibility

According to figure 4.4, most of the companies surveyed (78 percent) open their facilities to children between ages 18 months and three years, in keeping with the legal requirement.

This means that mothers who are entitled to 90 days of maternity leave would need to arrange childcare elsewhere for 15 months until the child is old enough to be eligible for her employer's creche. Only a third of the surveyed companies cater to children younger than 18 months; even fewer (15 percent) cater to those between ages three years and five years. As a result, families who are entitled to benefit from factory onsite childcare struggle to find suitable solutions before and after the 18-36 months period.

Figure 4.4 Age Distribution of Children in Employer Supported Childcare Facility (n=41)



About 41 percent of the companies surveyed with onsite childcare facilities make these available to only female employees. This is due to the biased convention that childcare is a woman's responsibility. This deprives families where, for example, only the father has a formal employment, and yet, cannot benefit from any childcare support.

Most companies restrict the usage of their onsite facilities to their own employees. There are some exceptional cases among the surveyed companies however, where facilities are shared with the wider community (see for example the Grandis Timber case study).

Barriers to Higher Use of Onsite Childcare Facilities

The reason for not creating childcare on site or close by vary from company to company, but as shown in figure 4.5, lack of capacity, knowledge, and availability of qualified caregivers have been identified as key reasons why such initiatives are not embraced more widely.

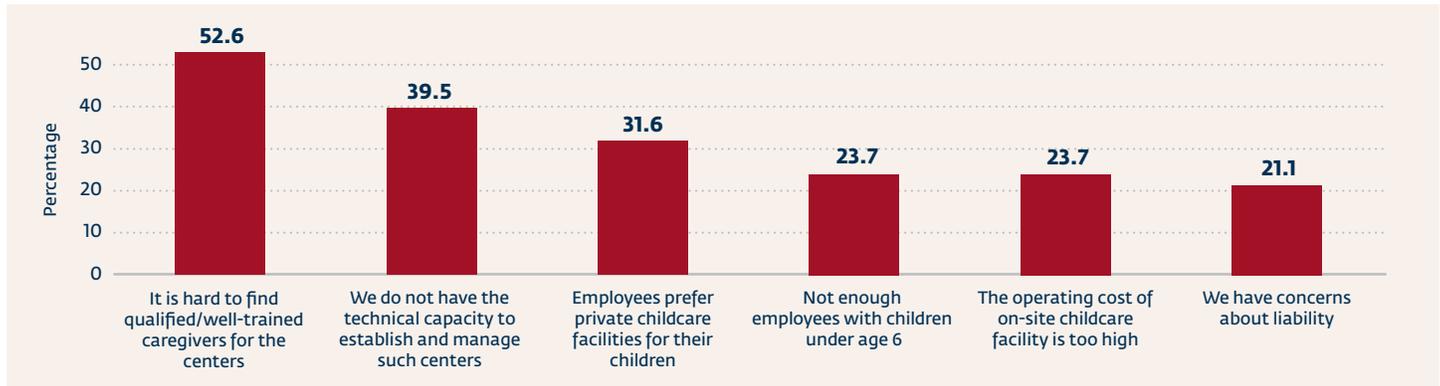
"I keep my child with my parents at home, or I'd rather leave them with my elderly neighbour, because at least I am sure that they love my child and I can trust them."

Garment Factory Worker

Employees in focus group discussions cited various additional reasons for low use:

- **Lack of trust.** Parents prioritize "love and trust" over "free and convenient." Most employees prefer their relatives, especially their parents, to take care of their children.
- **Service hours do not meet employees' needs.** Even when employees want to use the services, the hours are not friendly to their needs. This is because either the centers are far from their workplace or because it is inconvenient for them to go to the near-site childcare center before they start work.

Figure 4.5 Main Reason for Companies Not to Establish Childcare Centers (n=46)



- **Competition with services in the community.** In some cases, local affordable service providers offer convenient time arrangements to clients. Parent workers tend to have stronger trust in these than in the onsite childcare facilities initiated by the employers.
- **Long, unsafe commutes:** Parents said they do not bring their children to the onsite or nearby childcare center because they spend 30 minutes to 1 hour or more commuting on Cambodia's unsafe roads each day, made worse in the face of pollution. BFC has referred to the daily journey as a "killer commute" due to its finding that in 2015, 130 workers died and more than 7,000 were injured during their commute to work. As a result, many workers who live far away prefer to look for local childcare solutions.

Drivers of Setting Up Onsite Childcare Facilities

The legal requirement is the primary driver of establishing on-site childcare facilities (figure 4.6). Employers do not see provision of childcare as an investment in workforce retention or productivity. This focus on compliance also explains why employers restrict childcare to the legally stipulated 18-36 months age group only and children of female workers only. Compliance-driven implementation is also illustrated by the fact that the garment and footwear sector, which is exposed to stronger scrutiny have

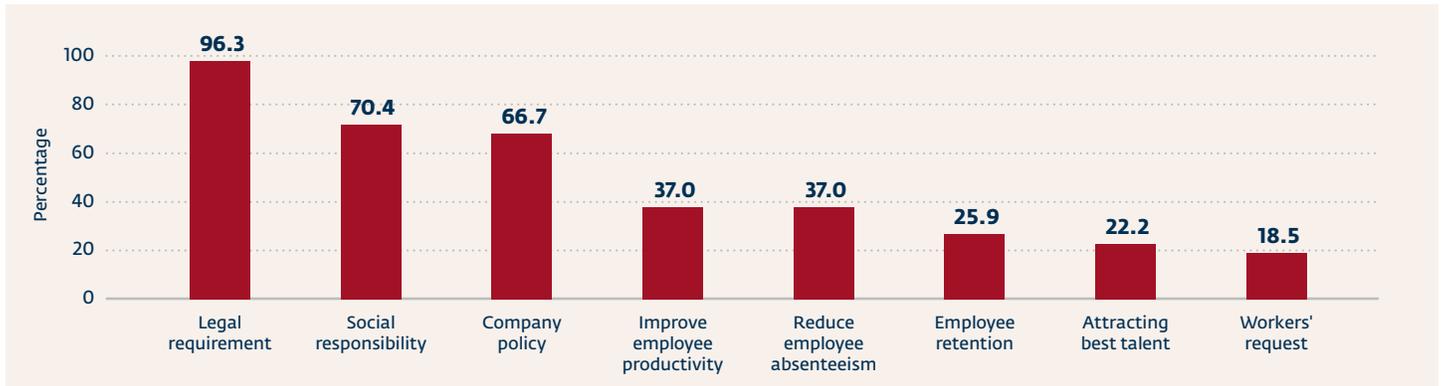
far more onsite childcare centers than in other industries. Non-compliance may directly impact a company's ability to access foreign markets. The clear downside of the employers' compliance focus is that most of centers are only set up to pass audits, but are not actually functioning centers.

"It is common in Cambodia for parents to bring their children to work, and some children may end up helping their parents to do hazardous work. Keeping the children in a childcare center is considered to be an effective way to engage with children in non-agricultural work."

CEO, Grandis Timber

This means that stronger employer-driven childcare will likely only materialize if compliance incentives are coupled with other considerations. Currently, 70 percent of companies surveyed cited 'social responsibility' as the main reason, while 67 percent of them include childcare facilities in their policies. Only slightly more than a third of companies recognize the business value of running a childcare facility. For agribusinesses that operate in plantations and farms, one driver is to mitigate the risk of child labor (see the case study of Grandis Timber, chapter 8).

Figure 4.6 Main Reasons for Setting Up Childcare Facilities (n=33)



“Workers have to come to the site earlier to drop their kids off at the center. [Time becomes very tight when they also need to] scan their thumb to report for duty on time.”

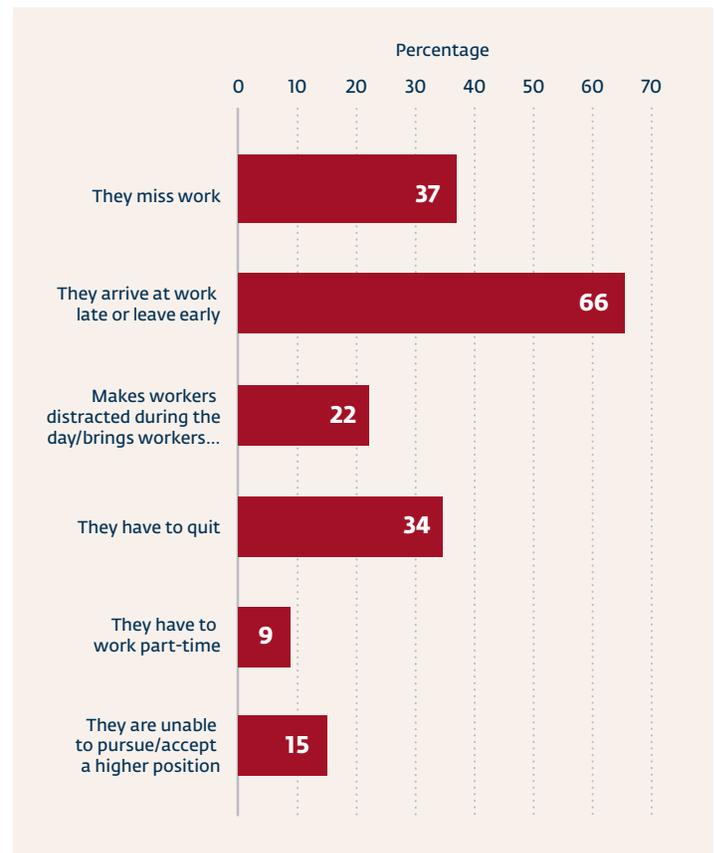
Agribusiness Worker

Business Impact

Realizing the value of business benefits that accrue from providing childcare, some employers have started assessing the potential demand for childcare to decide whether and how to provide childcare support to their employees. Topics often include parental preferences in how care is provided, including the implications of possible gaps in local childcare options. This data enables employers to consciously work towards the productivity and well-being of employees (See also chapter 4).

Some service industries such as banking realize that remuneration packages including childcare benefits gives them a competitive edge. For the garment and footwear sector, prioritization of childcare as an employment benefit is seen as part of the industry’s strategic goal to become a high value-adding, talent-intensive – instead of labor-intensive – business. The following graphic throws light on the different ways in which employers feel childcare responsibilities weigh down their employees at workplace (see figure 4.1).

Figure 4.1 Survey Responses: “Do Care Responsibilities Ever Affect Your Employees in Any of the Following Ways?” (n=69)



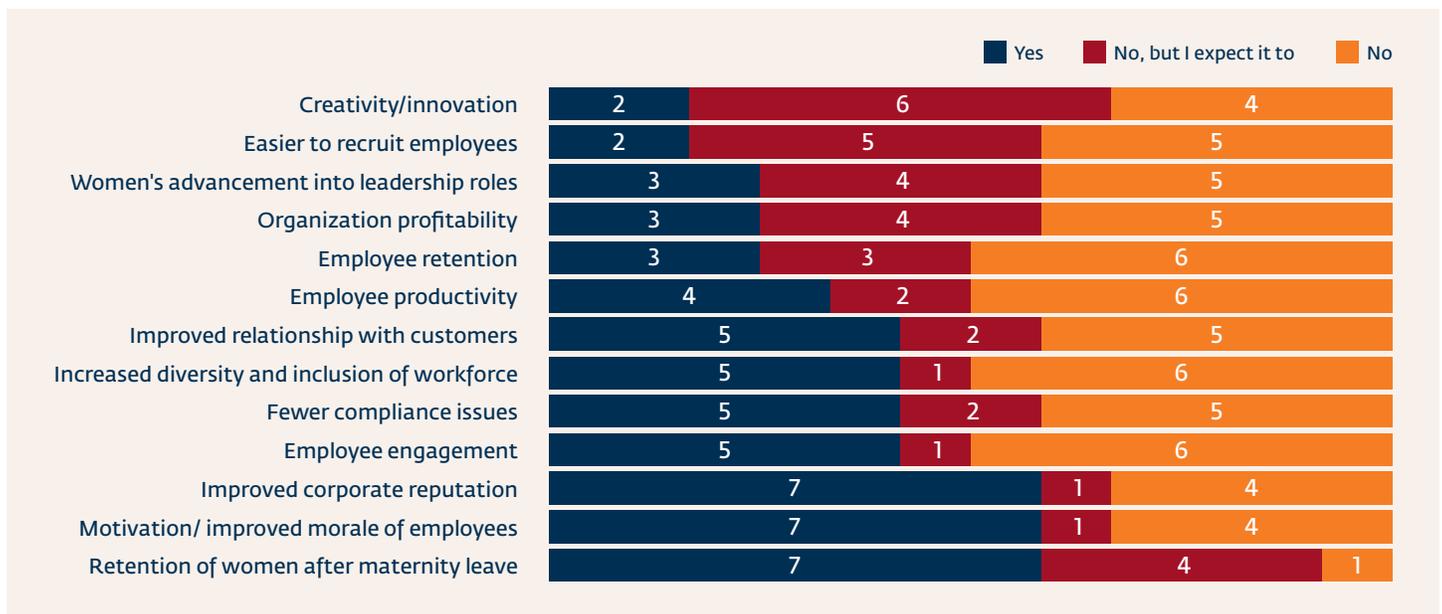
A growing number of companies are realizing the potential positive impact of child-care measures. Some of the surveyed companies that run a functional childcare facility have documented positive business impacts (figure 4.7):

- Improved employee retention (three out of 12), especially among women after maternity leave (seven out of 12). Care responsibility falls disproportionately on women, and returning to work in the absence of adequate and affordable childcare presents an obstacle. Women could decide not to return after maternity leave, which is a significant loss to a business.
- Increased motivation or improved morale of employees (seven out of 12).
- Increased employee engagement (five out of 12). Employees welcome the opportunity to stay close to their children even during working hours.
- Improved corporate reputation (seven out of 12). Provision of on-site childcare is often a positive differentiator among customers and employees.

According to an agribusiness company, provision of childcare could improve retention among female employees. "When employees put their children in our childcare center, we know that they are going to stay at least two years."

An HR solution company representative observes that "employees consider onsite childcare center a privilege. They can visit the room anytime and are happy about that." Children bring people together, regardless of their ranks and background. "Employees can see the babies grow, and it is a way to release stress and improve bonding. It has led to some cultural changes in the company."

Figure 4.7 Survey Response: "Have you observed any of the following impact after providing on-site childcare services to employees?" (n=12)



Alternative Childcare Solutions Adopted

In its 2018 report, IFC identified different childcare solutions that require different levels of resources, ranging from low-threshold approaches with little resource requirement (e.g. flexible working hours) to more resource-intensive solutions such as purchasing childcare centers. The different identified solutions are visualized in figure 4.8.

Childcare solutions provided by employers in Cambodia include a wide-ranging set of activities, each trying to cater to the need of their employees. These initiatives vary in resource-intensiveness, and companies usually adopt more than one measure to address childcare.

Figure 4.9 provides an overview of alternative childcare solutions followed by more detail and examples below. While these measures are not yet widespread, there are already a number of companies in Cambodia spearheading these practices.¹⁰

“The tourism sector is dominated by international [companies], and they will try to comply with the Labor Law, invest in human skills, and support childcare. Their good reputation will attract more investment. As a result, old local business owners will need to change their perspectives toward childcare as well.”

Cambodia Tourism Association

Figure 4.8 Options for Supporting Employees with Childcare Needs



10 IFC's Tackling Childcare: The Business Case for Employer-Supported Childcare, 2017.

Low-Resource Options

Facilitating access to childcare service providers: Companies such as HRINC, an HR solutions company, conduct site visits to inspect the safety and quality of childcare service providers before introducing them to its employees. See also box 4.1 on Bodia Spa’s efforts.

Flexible time and work location: Standard working hours can create difficulties for employees in fulfilling their childcare duties, such as picking up children from school on time. Most of the employees at Hagar Catering work from 6 a.m. to 3 p.m. so they have enough time to attend to children’s needs after work. Sathapana Bank provides flexible working time to employees to take care of their children. A female employee of ACLEDA Bank was living far from the branch and had a long commute. She had no one to care for her child and requested to move to another branch; the bank agreed to her request.

Flexible policy to allow children at workplace: Even when a proper onsite facility is not available, some companies have created solutions by allowing employees to bring their children to work. Bodia Spa, for example, allows employees to bring their children any time and employees take turns looking after the children (See also box 4.1). This solution is, of course, suitable for only safe and non-hazardous working environments, but it provides a strong unconventional solution for employees.

Breastfeeding room and nursing breaks: As stated in Article 185 of the Labor Law, female workers who are nursing their child should be given breaks during working hours. It should be a separate break and not deducted from their normal break time. Companies are meant to provide a nursing room on their premises, especially those with more than 100 female workers who are legally mandated to provide such a facility. The survey revealed that while this is in the Labor Law, not many companies understand this obligation.

In our study, two of the surveyed garment factories allow nursing mothers to take an hour off to breastfeed. However, we saw from these cases that the employees struggle to bring the children to the

factory due to transportation challenges and the fact that there is no functioning on-site childcare where the children can stay during the day.

Medium-Resource Options

Extended maternity leave and benefits: The law stipulates that employers must give employees who give birth three months of maternity leave. Sabrina (Cambodia) Manufacturing, a garment factory, provides an additional three months of unpaid leave for women workers who need more time to take care of their child. Similarly, ACLEDA Bank allows female employees to take unpaid care leave for six months to one year.

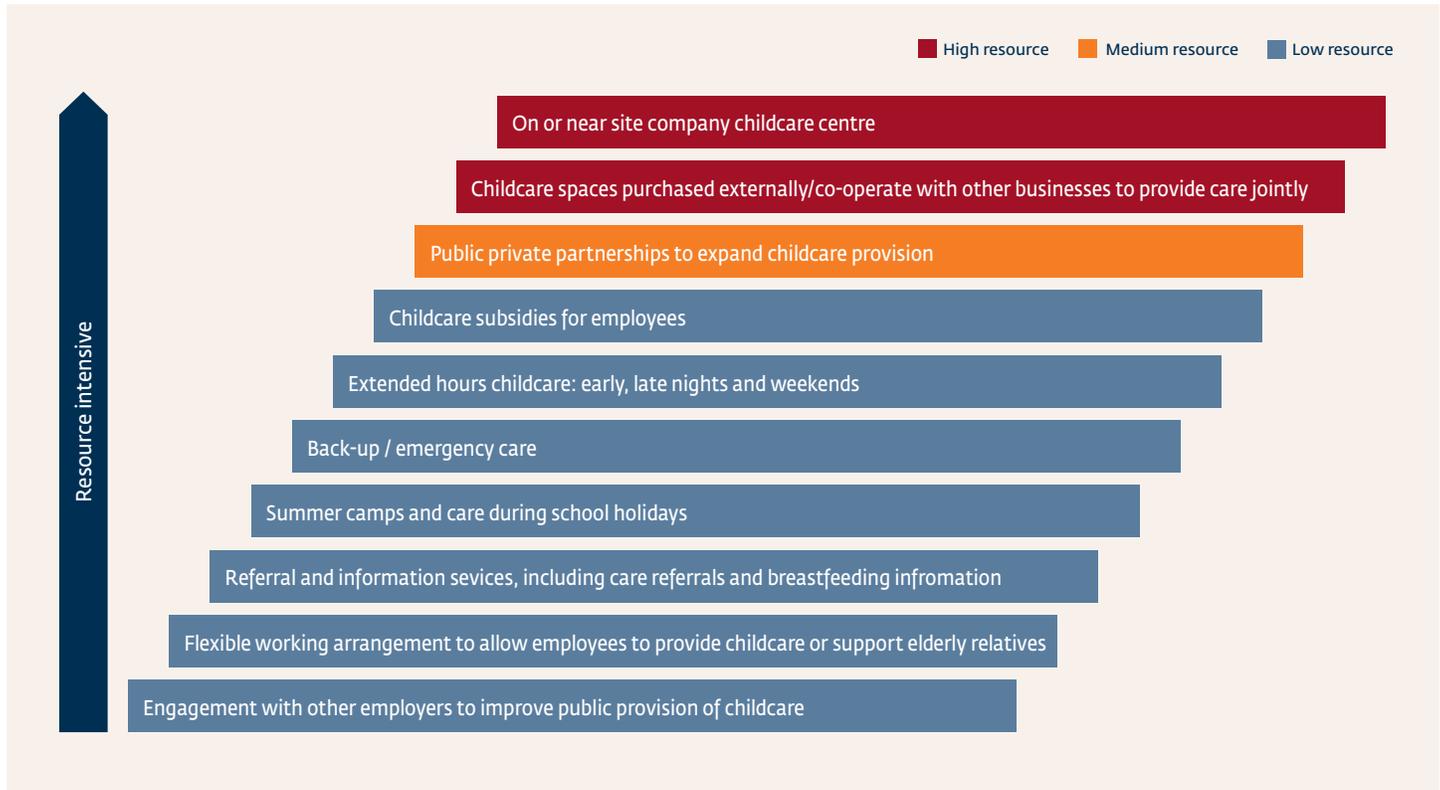
While the law stipulates that employees should be paid half of their wages and benefits during their maternity leave, Signature of Asia, an agribusiness, and EXO Travel (see the case study in chapter X) a destination management company, pay employees on maternity leave their full salary.

High-Resource Options

Partnering with childcare service providers: In addition to providing childcare allowance, companies can actively seek out service providers who offer reliable services and agree on a deal for their employees. (See the case study on Pactics in chapter X.) Employees often prefer private childcare service providers because of the quality, convenience, location, cost, or admission criteria – especially if they have older children who are no longer eligible to attend an employer’s onsite childcare facility.

Providing or subsidizing healthcare to employees’ children: Productivity could be hampered if employees’ children get sick. Amru Rice, an agribusiness firm, observed that around 25 percent to 30 percent of its employees come to work late or are absent from work due to their children falling sick. Companies such as Hagar Catering provide cash advances to employees for the treatment of children’s illnesses if needed; employees can include their family members in the health insurance scheme at the corporate rate.

Figure 4.9 Alternative Childcare solutions observed in Cambodia



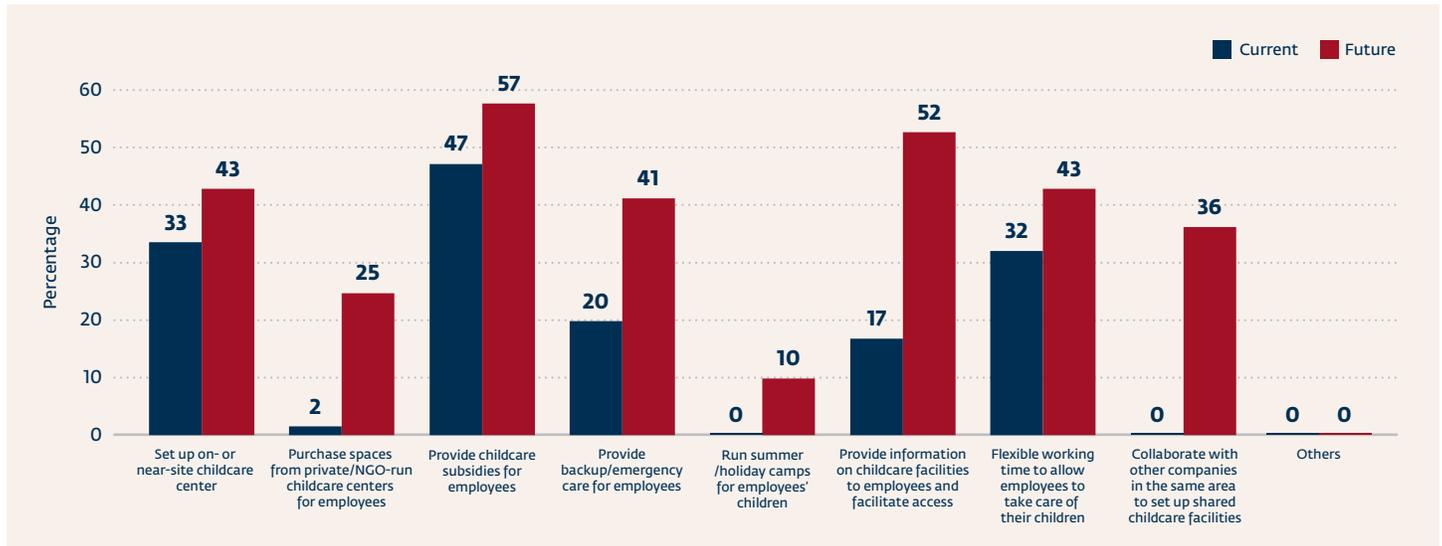
Preferred Employer-Supported Childcare Solutions in the Future

Data presented throughout the report has shown that the demand for childcare support in Cambodia will likely continue to be high or even increase, and many employers are turning their attention to improving childcare support systems. While the current drive to implement childcare provision is largely compliance-driven, the data on the business value of (see chapter 3 & 4) of investing in childcare will play a greater role in the future. The COVID-19 pandemic in Cambodia has intensified the need to invest in women to facilitate their full engagement in the economy as workers, leaders, and entrepreneurs. Measures taken in response to the COVID-19 pandemic, such as closing childcare centers

and instructing employees to work from home if possible has made the relationship between adequate childcare and workplace productivity more obvious than ever.

Responses from company representatives clearly indicate that they are aiming to implement more childcare-related measures within their companies. As seen in figure 4.11, compared to the current provisions, a large number of companies plan to provide their employees with information on available childcare facilities and facilitate access (up by 35 percent); collaborate with other companies in the same area to set up shared childcare facilities (up from 0 to 36 percent); and purchase spaces for employees from childcare centers run by private or nongovernmental organizations (NGOs) (up by 23 percentage points). At the time of writing, the

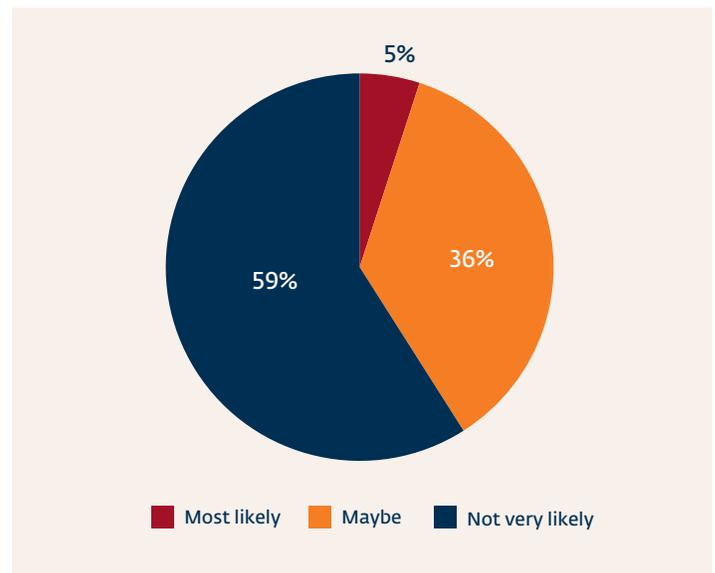
Figure 4.10 Comparison of Current and Future Childcare Support Options (n=68)



one provision that most companies are planning to implement in the future is to provide childcare allowances, which requires stronger guidance on how allowances should be regulated.

Some employers are open to setting up childcare facilities in the future. Of the surveyed respondents, 5 percent of those not currently running a childcare center say they are likely to open one within the next 2 years, and 36 percent are may consider doing so. However, a majority (59 percent) of respondents say such a prospect is rather unlikely (see figure 4.11). Twenty-eight out of 66 companies surveyed (42 percent) are interested in partnering with community-based childcare centers, indicating that while on-site facilities will not likely grow drastically in the future, companies are open to finding other collaborative solutions.

Figure 4.11 Likelihood to open a Childcare Center in next 2 years (n=XX)







3. Industries in focus

Cambodia's growth relied heavily on garment and footwear exports, and tourism before the COVID pandemic, which created direct and indirect employment opportunities for millions of Cambodians. The recently liberalized investment regime and open market trade policies have gathered momentum for Cambodia's economic prospects. This has also led to strong tailwinds for the country's banking industry. This section provides emerging trends in employer-supported childcare in these three sectors, although this may have changed in a post-COVID environment. See also in-depth information in appendix B.

Childcare in the Garment and Footwear Sector

Compliance-driven childcare solutions. Out of the 43 surveyed garment and footwear factories, 21 (49 percent) have an onsite childcare facility to meet compliance requirements (figure 5.1). About two-thirds of the factories (13 out of 21) regard it as a social responsibility, and some factory management believe there will be business benefits, especially in terms of improving employees' productivity and reducing absenteeism. (See appendix B, table B.1,

for a summary of the garment and footwear sector, including its significance to the economy and labor demographics.)

According to Better Factories Cambodia, the majority of onsite childcare centers have not been functioning over the last 12 years. Worse, compliance rates for a functioning nursing room have consistently been low, with 50 percent or more factories noncompliant (ILO 2018c). BFC does not collect data on the number of women using the nursing rooms and childcare centers. However, according to an interview with a vendor in Cambodia, 54 out of 59 factories from which they source on-site childcare facilities, only a fraction is functional and not even 1 percent of parent workers use these for their children.

Better Factories Cambodia's Definition of a "Functional" Childcare

- Clean
- Big enough in relation to the number of workers
- Attendance of instructors
- Workers' awareness and access

Figure 5.1 Reasons for Garment and Footwear Factories Setting Up On-Site Childcare Facility (n=21)

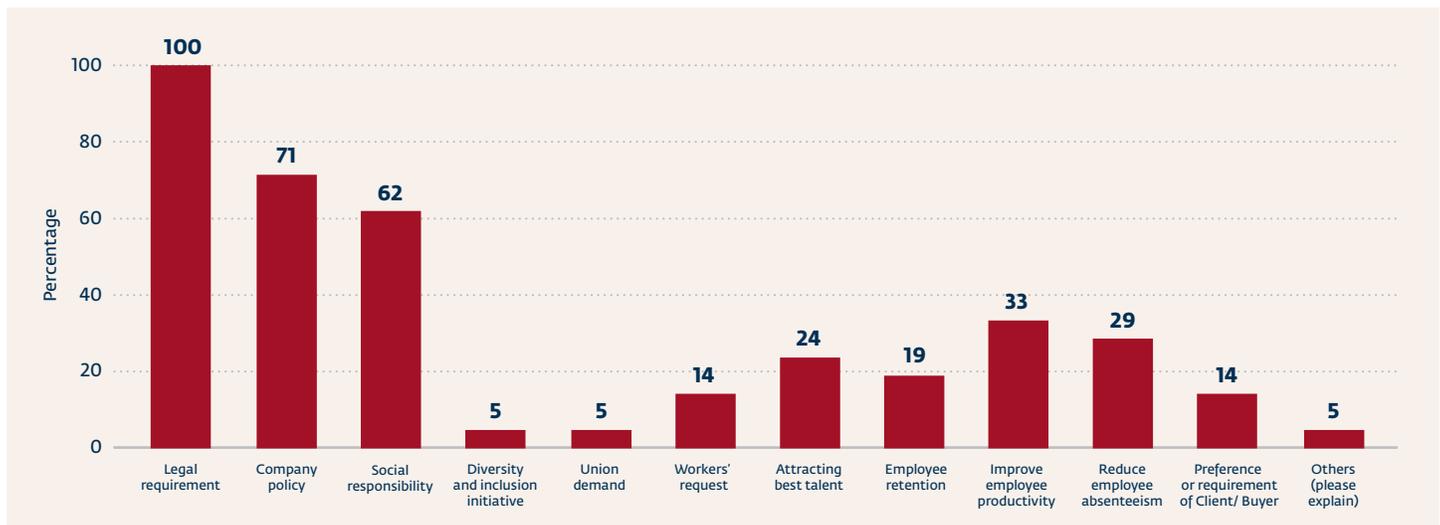
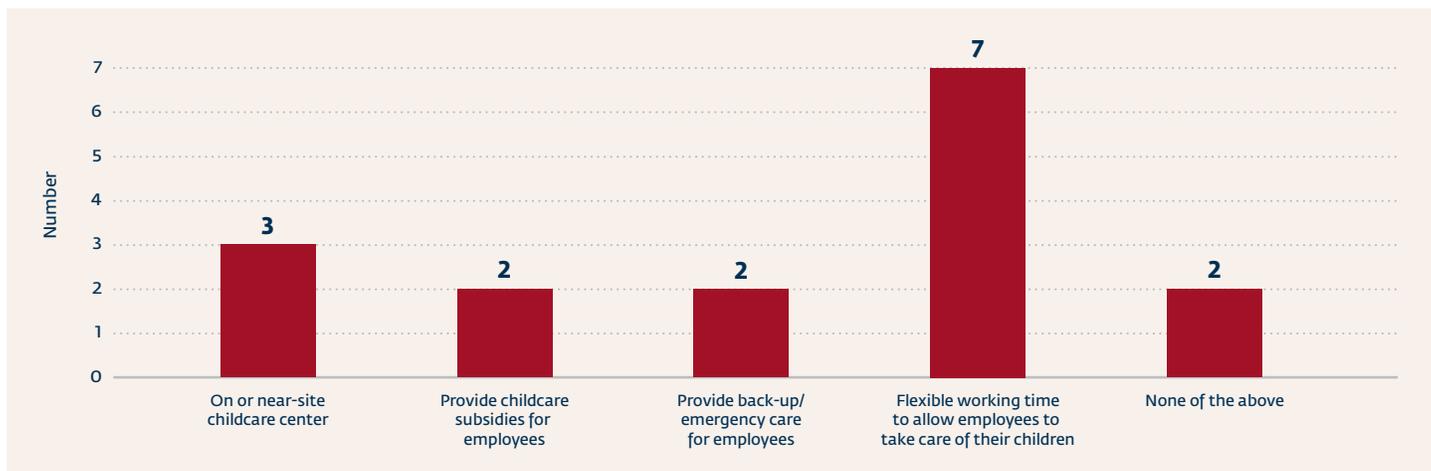


Figure 5.2 Types of Childcare Supported by Banks (n=10)



Interviews with employers highlighted why factories are not keen on setting up onsite childcare, and it is not just because it has a direct bearing on a company's profit margins. There are several other reasons: potential danger in the factory premises; the physical risk of commuting from home to the factory, especially given the rise of road accidents in recent years, and insufficient space and lack of competent staff to take care of the children.

As per the law (Labor Law Art. 186, AC Award), if an employer is not able to set up a childcare center for children over 18 months of age, then he/she must pay women employees the cost of providing childcare for their children. Among the factories surveyed, the range is anywhere between \$3 and \$30. Eighteen out of 25 respondents (72 percent) report paying between \$5 and \$10.¹¹

Community-Based Childcare

Seventeen out of 43 garment and footwear factories (39 percent) wish to partner with community-based childcare facilities in the future. A pilot by the World Bank, IFC, and Planète Enfants & Développement (PE&D) is under way to establish sustainable

community-based childcare services for garment factory workers (World Bank 2019b). See Box 1.

Childcare in the Finance Sector

Survey results among banks show a low awareness of the legal requirements on childcare (figure 5.2). Only two out of the 10 banks have a good understanding of the laws on employers' responsibility. Banks typically allow employees to work flexible hours to enable them to look after their children (seven out of 10 banks). One bank has an on-site childcare facility, two report near-site centers, and two provide childcare allowance.

But, no banks report following any of these steps: purchase spaces run by nongovernmental organizations (NGOs) or private childcare centers for employees; run summer or holiday camps for employees' children; provide information on childcare facilities to employees and facilitate access; or collaborate with other companies in the same area to set up shared childcare facilities. (See appendix B, table B.2, for a summary of the finance industry nationwide, including its significance to the economy and labor demographics.)

¹¹ According to an assessment by Better Factories Cambodia, 42% of its surveyed factories provided a childcare allowance, varying between \$5 and \$20 per month in lieu of setting up a childcare facility in accordance with the law (ILO 2018c). Almost half of these factories paid \$5, while almost one-third paid \$10. Not all women workers receive childcare allowance in the Better Factories Cambodia's sample. Sixty-five factories paid the allowance only to workers who had returned from maternity leave, not to newly recruited mothers.

Childcare presents challenges to both employers and workers in branch offices.

- **Feasibility of onsite childcare:** The physical space of branch offices may vary, and it could be difficult to use the same standard in setting up onsite childcare facilities.
- **Provision of consistent services:** It is difficult to ensure that employees – scattered in different locations – can avail uniform level of childcare services. A human resources (HR) manager of a bank said that in their assessment of employees’ childcare needs, one reason why employees preferred the cash allowance was the “perceived fairness.”
- **Communication.** Branch offices may not be aware of the company’s policy and plan on childcare because of the lack of communication.

Competition for talent is intense in the banking sector, especially for the technical/ professional and senior positions. According to the Association of Banks in Cambodia (ABC), potential employees find a remuneration package that includes childcare benefits attractive, particularly because good schools in Cambodia can be expensive. Moreover, new entrants to the sector may provide better packages to attract talent from competitors.

Childcare in Tourism and Hospitality

There is not much awareness of the legal responsibility to provide childcare among the surveyed employers; only two of the seven companies and industry associations interviewed were aware of such a regulation. One hotel in Siem Reap observed, “It is unlikely for us to provide a subsidy on childcare to employees unless it is imposed by the law.” (See appendix B, table B.3, for a summary of Cambodia’s tourism and hospitality sector, including its significance to the economy and labor demographics.)

Although no employers are systematically documenting the business impact of childcare responsibility, a few companies shared observations:

- **More leave applications.** The HR director of a hospitality group shared that female employees request more leave during rainy seasons, because their children are more likely to get sick due to dengue fever leading to hospitalization.
- **Higher turnovers.** One hotel in Phnom Penh, which is open 24 hours and runs three shifts per day, has an employee turnover of 25 percent a year. There is higher turnover among female employees after they get married and become pregnant because they have difficulty adjusting to the shifts.

Tourism and hospitality companies may operate branch facilities. This presents an opportunity to meet the employees’ needs locally. See box 4.1 for an example.

BOX 4.1 CHILDCARE AT BODIA SPA

Bodia Spa operates seven spas in Cambodia, employing around 400 workers, of which 80 percent are women. Also, 80 percent of staff are migrants from other provinces, and Bodia Spa provides them with accommodation. Unfortunately, there is a social stigma attached to working in massage parlors, and the company aims to check this by providing a job environment to employees that they can be proud of.

The employee turnover is quite high (105 employees resigned in 2019, or about 25 percent). A sizeable proportion of this is because of childcare responsibilities. As Bodia Spa grows business, the emphasis is to prevent attrition of women employees with young children. A company representative states, “We want to prevent the risk [of women resigning] and try to support them on childcare.” The company tackles this in two ways:

- Providing information on public kindergartens to employees.
- Allowing workers to bring their children to work, and arranging a nanny or other workers who are not on shift to take care of them.



4. Service Provider Survey: Assessment of Childcare Supply

Surveyed private childcare centers are in urban as well as rural areas based on the regions' predominant economic activities (table 5.1). Urban centers attract large number of internal migrants to work in labor-intensive industries such as garment and footwear. Rapid urban growth fuels the development of the service industry, such as hospitality and banking. Nonetheless, a large percentage of Cambodia's population still lives in rural areas; they work in the agriculture, forestry, and fisheries sectors.

Fewer than half the forty three surveyed service providers provide childcare for both – children younger than age two, and preschool children who are three to five years old. Most centers are located in urban areas, with only one center in a rural area (Kampot) serving children up to the age of five.

Framework

Four dimensions are used to assess the childcare services provided by the private providers (figure 5.1) (IFC 2017, 43).

Table 6.1 Urban and Rural Private Childcare Centers

Provinces	Targeted group of children	
	3–5 years old (preschool only)	0–5 years old (preschool and childcare)
Urban		
Phnom Penh	1	5
Sihanoukville	3	1
Siem Reap	8	5
Urban total	12	11
Rural		
Kampong Speu	10	0
Kampot	3	1
Kampong Chhnang	6	0
Rural total	19	1
Total (urban and rural)	31	12

Figure 6.1 Understanding the Demand: Four Dimensions of Childcare Support



Accessibility

Limited Information on Service Providers

Public information available about childcare service providers is limited. There is no official consolidated preschool directory in Cambodia, and it is even more difficult to locate the private service providers through public registry. Even in the information available from the Department of Education, Ministry of Education, Youth and Sport, the records usually include only basic information such as names of the schools, their locations, and age ranges of children for whom they provide service.

“We have limited information about the preschool or nurseries that are providing the service. To use their service, we also would like to know more about quality and certification of the nannies.”

Bank Representative

Some of the interviewed employers expressed interest in partnering with private childcare service providers, but said they did not know how to locate them. Information needed for decision-making on the part of employers and parents is often missing, including that about:

- Proximity of the center to the workplace or employees’ homes
- Type of service packages for employees
- Detailed fee schedule for different services
- Quality and certification of the caretakers

Lack of information negatively impacts building trust between the employers and childcare service providers, which in turns limits the opportunity of partnership.

Box 6.1 describes a childcare service provider that actively markets itself.

BOX 6.1

EMPLOYER-TARGETED CAMPAIGN PAYS OFF

Childcare service providers that are more active in marketing their services tend to develop more partnerships with employers. Angkor Kids Club, a private school in Siem Reap that provides childcare service and preschool education to children between ages of three months and six years, has a company-targeted advertising plan. It has an active presence in social media and also advertises its services and courses offline. It is estimated that the campaign has boosted business with employers. For example, they are currently partnering with banks in Siem Reap such as ANZ Royal Bank, ABA, Canadia Bank, Vattanac Bank, ACLEDA, and WB Finance. Angkor Kids Club provides a discount of 10 percent to 20 percent to parents who work in these companies, making childcare more affordable for them. The cost of childcare is subsidized by the employer, either through direct payments or allowances to employees.

Physical Barriers to Access Childcare Centres for Low-Income Employees

Low-income employees usually do not have transportation to send their children to childcare centers, and the situation is worse in rural areas than urban centers. Rural factories are usually along highways on the edges of the provincial centers, whereas childcare service providers are clustered in the provincial capitals. The distance between them can be as far as 15 kilometers. Parents who avail of these services either need to pay more for transportation arranged by the centers or schools, ranging from \$5 to \$10 a month, or drop their children off at the centers as early as 6:30 a.m. so they can arrive at work on time. However, it is still very challenging for parent workers to leave work early to pick up their children.

“The preschool charges around \$10 per month for picking up the kids. I put my child in the school because it is nearby, and they can also report to their grandparents anytime”

Female Worker in a Footwear Factory

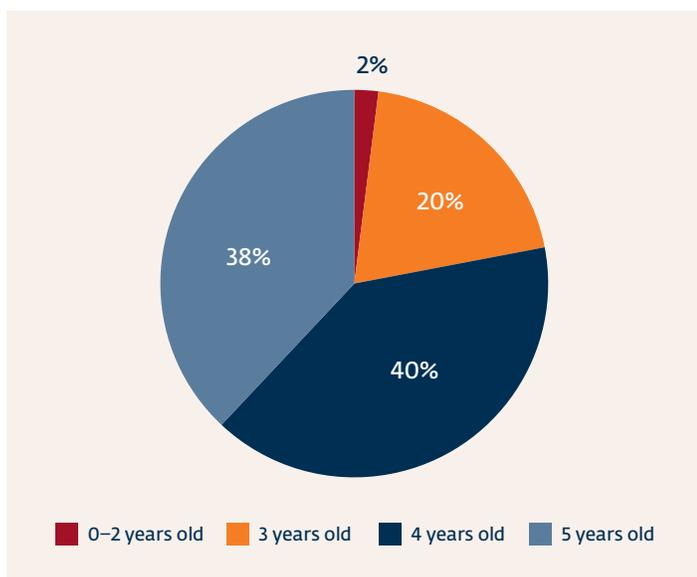
Availability

Infants and Younger Children up to Age Two

Few childcare service providers serve children younger than two-year-olds; only 12 out of 43 (28 percent) of those interviewed provide childcare services to this age group. Infants and young children are even more underserved in rural areas; only two out of the 12 childcare service providers are located in rural areas.

Private childcare service providers are mainly serving children who are around 4-5 years old; this cohort of children makes up 78 percent of the total number of children served (figure 6.2). Children up to two years old constitute only 2 percent of the total. Both urban and rural centers have a similar distribution.

Figure 6.2 Age Distribution of Children in Childcare Centers



Service providers cite the following main challenges in providing services for children up to three years of age:

- Inadequate space and tools for early childhood care and development (ECCD).
- No familiarity with the standard curriculum, further complicated by the lack of clear official guidance on the specific standards of operations and age-appropriate curriculum for childcare centers.
- Lack of human resources, especially qualified caretakers.
- Lack of trust among parents toward private childcare centers, preventing them from sending their infants and young children to such centers.

Inconvenient Opening Hours

Most childcare service providers interviewed (38 out of 43; 88 percent) run both morning and afternoon sessions. Morning sessions usually run from 7:30 a.m. to 10:30 a.m. and afternoon sessions from 1:30 p.m. to 4:30 p.m. In urban areas, eight out of 11, or about 76 percent, of childcare providers provide on-premise lunch and naptime to bridge the two- to three-hour gap in between the two sessions for those aged two years and younger. However, only nine out of 20, or about 44 percent, of childcare providers in rural areas do the same. Centers that run on these routines from 7:30 a.m. to 4:30 p.m. are not catering to the needs of working parents, especially those who do not have extra help at home.

“Many parent workers have asked us if we can provide longer services in the afternoon so they have enough time to pick up their children after work.”

Urban Childcare Service Provider

Even when most of the centers provide all-day sessions, most children attend only one session per day. Parents usually pick up their children from the centers for lunch, then leave them under the care of their grandparents at home. Some factory workers mentioned that the long working hours and frequent overtime make it inconvenient for them to pick up their children before the childcare center closes.

Quality

Uneven Quality and Number of Teachers and Caretakers

Teachers and caretakers ensure children's safety and the quality of care and education in the centers. Their qualifications and integrity heavily influence parents' decisions on which childcare center to send their children to, or whether to send their children to centers at all. All childcare centers have to be registered with the local authority office of the Ministry of Education, Youth and Sport (MoEYS). According to the interviewed schools, the centers have to submit the registration form, background information about the school and the owner, daily operation, service fee information, and curriculum, which outlines the detailed activities and schedule. Most centers create their own curriculum.

Among the 43 childcare service providers interviewed, about half (22) provide training to their teachers and caretakers; more urban centers are doing so than their rural counterparts (13 compared to nine). Training content varies. Six received training from external experts, nongovernmental organizations (NGOs), individual foreign experts, or from the state authority such as certified teachers from public schools to train caretakers about using state curriculum. Notwithstanding a number of peer leaders, most of the service providers interviewed said they rely on self-developed materials and their own internal trainers. Moreover, childcare service providers usually do not train their teachers or caretakers on basic medical care, and most do not have in-facility trained healthcare workers such as a nurse.

"We adopted the state curriculum and modify it to conduct our own internal training for teachers."

Preschool Representative in Kampong Speu

Other factors that contribute to the quality of care are the teacher or caretaker-to-child ratio and the class size. Studies show that lower class sizes and smaller teacher-child ratios improve child outcomes, help reduce behavioral problems, reduce teacher stress, and help improve retention among teachers. There is no targeted ratio of teacher or caretaker-to-child ratio for different age groups among the service providers interviewed. The average ratio is one caretaker to 18 children, whereas the suggested teacher-child ratios for childcare settings are one caretaker per four toddlers (13 to 23 months); one caretaker for four to six children up to two years old; one caretaker for four to nine children who are three years old; and one caretaker for four to 10 children who are four to five years old (IFC 2017).

Service providers in urban areas have a better ratio (one to 15) than rural ones (one to 21). The main reasons for lower ratio of teacher or caretaker to child include:

- Difficulty recruiting caretakers for children younger than three years, especially in rural areas
- Expenses related to the training of caretakers

"It is hard to find certified caretakers. So I mainly select those who are interested and passionate first. Then I conduct training for them later."

Representative from Childcare Center in Phnom Penh

Lack of Clarity on Standard Setting and Quality Control

There is no clear national standard of the types of childcare services to provide to the corresponding age groups. For example, there is no sub-decree (Prakas) to provide specific guidance and operation manual regarding the quality of childcare service for children up to age three.

“There is no national standard curriculum for both childcare and preschool that I could find. Therefore, I have adopted a curriculum based on knowledge on the internet and observations at 72 kindergartens in Cambodia by myself.”

Owner of a Childcare Center and Kindergarten in Phnom Penh

Most of the childcare service providers rely on self-monitoring of the service’s standard, conducted by its own management or administration team, with the exception of foreign-owned childcare providers or those that have adopted international standard curriculum. Because of the quality standard expectations of parent schools and companies, these providers are inspected by foreign experts to ensure adequate standards are met. Only one service provider indicated that they send monthly reports on its operations to MoEYS.

Affordability

In urban areas, most centers interviewed run full-day preschool programs for children aged between three and five, and charge an average fee of \$100 per month. This is considerably higher – 7.7 times the average monthly fee of \$13 charged by service providers in rural areas (table 6.1). Day-long childcare for children younger than two years is the most expensive among all services provided in urban areas, costing an average of \$155 per month. Childcare for part of the day is available at about 25 percent lower charges. Similar to urban areas, most service providers interviewed in rural areas also offer full-day preschool. However, services are limited for children up to two years of age.

The fee difference between service providers is wider in urban areas than in rural ones. The highest fee for full-day preschool childcare center in urban areas is almost 34 times more expensive than the lowest fee for the same type of services in rural provinces – \$373 compared to \$11 respectively. This huge fee disparity in urban areas is probably because of the diverse range of service providers – locally owned, foreign-owned or NGO-run – each catering to their target clients from lower- to middle-higher-income class.

Table 6.1 Monthly Fees Charged by Childcare Service Providers

U.S. dollars

	Urban				Rural			
	Half-day fee		Full-day fee		Half-day fee		Full-day fee	
	Childcare (0–2) (n=6)	Preschool (3–5) (n=5)	Childcare (0–2) (n=7)	Preschool (3–5) (n=17)	Childcare (0–2) (n=0)	Preschool (3–5) (n=6)	Childcare (0–2) (n=1)	Preschool (3–5) (n=12)
Highest	233	277	373	373	—	90	10	40
Lowest	26	85	30	11	—	15	10	2.4
Average	118	141	155	100	—	29	10	13

Note: Data exclude service providers that provide free services. — = not applicable.

Low-Income Employees and High Cost of Urban Childcare Centers

Only six out of 23 centers surveyed in urban areas provide services targeting low-income families. This includes four centers that are run by NGOs or charities and serve children in vulnerable communities, such as slum areas. Admission is restricted to children of extremely poor families, such as those who are unemployed or work in the informal sector. Low-income working parents such as factory workers are not eligible to the subsidy from the centers. However, other private centers are quite expensive.

Service providers surveyed in rural areas have a broader customer base. Of the sample, 12 (65 percent) reported admitting children of factory workers and six catered to children of informal workers. There are support schemes for some children from less well-off families – 16 out of 43 (nine urban centers and seven rural centers) service providers give full or partial support (50 percent discount) to children from either poorer families or staff. Some centers also negotiate with parents on the fees.

“Parents want low school fees. Schools can therefore not generate the revenue and develop the school as expected.”

Service Provider A in Kampong Chhnang

Struggles Faced by Service Providers that Provide Low-Cost or Free Services

Running a childcare service involves set-up costs and operating costs (table 6.2). Fixed costs include building construction costs, licensing fees, rental, and utilities. Operating costs include classroom and caretaking materials, food, office and administration, salaries, and training costs.

The set-up cost of surveyed facilities that cater to the middle- and upper-middle-income employees is about 10 to 20 times more than the ones serving the lower-income employees because the former are investing in their building, facilities, and pedagogy. Even with higher investment, they are able to operate with profit, mainly because of their size and fee structure. In contrast, those facilities that admit children of low-income employees tend to invest less and set up smaller spaces, which in turn can house only a few children (13 on average). As a result, they cannot earn enough fees to cover the operating costs. Therefore, these facilities have to rely on other funding sources such as donations to sustain their business. Centers run by charities that serve poor families are kept afloat by donations because they cannot break even when they charge a maximum of \$2.75 per child per month.

Table 6.2 Operating Cost of Childcare Service Providers against Target Customers

Main target customers	Average number of children	Average monthly fee and range (US\$) ^a	Setup cost (US\$)	Monthly operating cost (US\$)	Financial subsidy (if any)
High- to middle-income (n=9)	103 ^b	148 (43–373)	50,000– 100,000	10,000	n.a.
Low-income (e.g., factory workers) (n=16)	13	19 (8–40)	5,000	3,000 (Rental cost: 500)	Case by case negotiation
Poor and vulnerable (e.g., informal workers) (n=2)	19	2.6 (2.4–2.75) ^c	—	—	Free

Note: n.a. = not applicable; – = not available.

a. Full-day session.

b. Taken into account children from minimum 2 months to maximum 6 years old.

c. Excluding free service.





5. Priorities for Action

Some of the key lessons emerging from IFC's global work on tackling childcare include:

- There is no one-size-fits-all approach to childcare solutions. The companies that benefit the most are those that provide a variety of childcare options, including backup care for emergencies, flexible working arrangements, and on-site childcare services.
- Offering childcare support as part of a holistic strategy yields the greatest results. This includes integrating childcare strategies into wider diversity policies and combining them with other approaches to support employees' work-life needs.
- Encouraging and enabling fathers to use policies as actively as mothers is key to yielding returns, particularly through the business benefits of diversity.
- Low-income parents often have the greatest need for childcare solutions; childcare access boosts early childhood development and helps parents retain their jobs.
- It takes government and private sector collaboration to create markets for employer-supported childcare. Exploring options for public-private partnerships are integral to developing sustainable childcare solutions
- Government and private sector collaboration will also be needed ensure that there are childcare options for children with special needs and disabilities, that are accessible, easily available, affordable and of a certain quality standard of care. It also takes collaboration between the employers to create changes in public provision of childcare, or to join forces by offering joint childcare solutions.

Recommendations for Businesses

Assess Employee Needs

When employers are trying to ascertain whether and how to offer childcare support, they should gather information about the demand for childcare, including the preferences of parent workers regarding how care is provided. They should also study the model of childcare services to assess possible gaps in on-site and off-site childcare provision. Appendix C, table C.1 provides sample questions employers can ask to determine their company's childcare needs.

Employers can use several methods to collect input on childcare needs and expectations:

- Sex-disaggregated employee data, including number and age of children
- Dedicated Employee survey on childcare needs, or integration of childcare questions into periodic staff satisfaction surveys
- Employee focus groups, management-worker committees, unions, women's committees
- Insights from line managers or exit interviews
- National and industry survey data from government (National Employment Agency [NEA]), business associations, and HR consultancy firms

Design Childcare Solutions

Once employers understand the childcare demand of their employees, they can offer a range of support with an associated range of cost. Multiple options can help ensure that parents are able to access the support that best suits their needs. It is critical to secure senior management buy-in when rolling out interventions. Some companies may start with the low-resource options and expand over time, after considering feedback from parents and management, to options that go beyond compliance.

Low-Resource Options

Refer employees to outside childcare providers: Employers can collect and share the following information through desk research or in-person site visits:

- Physical facility, hygiene, and proximity, including the road conditions and transportation
- Opening hours and whether there are extended services for parents who work late
- Admission criteria
- Availability of (nutritious) snack and lunch
- Qualifications and skills of caretakers or teachers
- Measures to ensure children’s safety and quality of care
- Regular communication on the child’s progress to parents
- Professional demeanor

Employers can reserve a number of spaces in selected childcare centers to facilitate employees’ access to reliable and quality childcare services. Employers may negotiate a bulk bargain with the service providers so that employees can receive discounts.

Establish flexible work options: *Administrative measures* can include allowing employees to start later or finish earlier to allow parents to drop off or pick up their children from school. For companies that run multiple shifts round the clock, employers can minimize night shifts for parents, especially new ones. Employers should comply with the law on breastfeeding breaks and decide on the timing with the mother mutually. For companies that operate branch offices, they can relocate employees to the one closer to their homes. Functionally, employers can offer options of job rotation, such as moving parents from frontline to back office for an agreed upon period of time, as back office roles allow for more flexible hours.

Provide parenting training to employees: Training can include support mechanisms and tools to help employees overcome the challenges of being a parent, including topics like the needs and rights of children at different stages; health and nutrition of infant and young child, including the benefits of breast milk; and basic

first aid. Depending on sector and workforce, they could consider support for migrant workers. Practical advice could be given to parent workers to help them make better childcare decisions.

Create parents’ peer group: Peer groups can create a channel for parents to share and discuss challenges they face as working parents. Having children connects people from different backgrounds and ranks—and participatory parents’ peer groups—can help to break the barriers between management and workers and serve as a consultative platform to continuously assess childcare needs. Such peer groups can become a support network, for not just sharing information on community childcare services and employee-supported childcare, but employees can even take turns during their down time to take care of colleagues’ children who come to spend time at the workplace.

Create return-to-work benefits: Many women intend to return to the workplace after giving birth but are not able to do so because of constraints they may face both at home and in the company. Employers can create a holistic approach to support women before, during, and after their maternity process to facilitate their return to work. When developing such a scheme, it is important to consider the following:

- Offer support before the employees go on maternity leave, through information about childcare options within and beyond the company.
- Engage with employees’ supervisors, including existing and future ones, if employees are to be relocated to other functions or locations.
- Provide options for a phased return-to-work schedule.
- Hold periodic conversations with employees to detect early signs of frustration.
- Create role models within the company and promote experience sharing.
- Develop best practices, but remain flexible to individual needs.

Medium-Resource Options

Develop *family-friendly policies*: These could include guidelines and measures on leave, breastfeeding, and childcare or education. Above all, a consistent approach to managing childcare benefits is critical, which could include extended paid or unpaid maternity leave. The policies should be communicated to all employees.

Establish or support community-based childcare centers:

- Community childcare centers can offer a viable solution for employees who have long, difficult and unsafe commutes. This is especially relevant for garment factory workers, who often travel daily by truck, minivan, bus, motorcycle or moped, all of which are prone to road accidents.
- Community childcare centers should be designed on a cost-sharing model and public-private partnerships to ensure sustainability.
- Community centers should be demand-driven and should engage parents, even grandparents, in decision-making and other activities to build trust.
- They should provide quality care by employing trained caregivers.
- User fees need to be affordable to ensure uptake of services by community members.

Paternity leave for male employees: We could not find any companies offering paternity leave in Cambodia at present. However, offering extended paternity leave can promote more equitable sharing of care duties, boosting women's employment. It might also be a way to bridge some of the gaps that currently exist in providing childcare to babies in their first 18 months.

High-Resource Options

Partner with service providers to make use of existing centers and incentivize new facilities:

- Provide grants to such centers to defray start-up costs and reduce the costs to their employees.
- Establish contractual arrangements with the centers to partially or fully finance the cost of services for employees.

Expand childcare benefits to employees beyond what is specified in the law:

- Extend childcare benefits to male employees, by providing paternity leave and childcare allowance, and also allow children of male employees to avail of the services of on-site or near-site childcare centers.
- For companies that pay childcare allowance, include children younger than 18 months, and consider continuing the allowance to children beyond 36 months.
- Cash allowances should not be calculated arbitrarily, but should consider the actual cost of childcare for different age groups.
- Companies that run on-site childcare, especially in agricultural or rural settings, can open the center to seasonal or indirect workers and community members.

Establish on-site or near-site childcare centers: The set-up cost for on-site centers is a sunk cost if not utilized? Otherwise not a sunk cost. Once established, childcare centers can be made more attractive to employees, and more widely used, through some of the following efforts:

- Training of caretakers
- Expanding eligibility of children and provisions of age-appropriate early childhood and educational activities
- Boosting access through flexible or extended opening hours and provisions of safe transportation means
- Providing childcare information and supporting tools to parents, so the center can also serve as an informational hub

Recommendations for Childcare Service Providers

Service providers should be in tune with the needs and demands of employers and employees to effectively tap into the childcare market and grow their business. Childcare service providers could employ the following measures.

- **Understand the business case for employers to support childcare:** Each company may have a different reason to support childcare. Some employers are driven by compliance requirements, others by their corporate social responsibility (CSR) commitment, and yet others want to realize the business value. Service providers who can gauge the specific needs of companies will be able to provide more appropriate services.
- **Build trust:** Trust is a crucial element of childcare service and for this, service providers should ensure the reliability and quality of the services provided. In the absence of industry standards, childcare service providers should invest in their staff, including their training on early childhood development, and have quality assurance mechanisms.
- **Adjust to needs of working parents:** Parents have constraints regarding working hours, and childcare service providers should be prepared to adapt timings around their work schedules, even be able to provide drop-off and pick-up. Regular and formal communications between teachers or caretakers and parents can help align childcare to the needs of parents, children, and employers.
- **Get creative with childcare offering:** Service providers can organize summer camps and provide care during school holidays. Service providers can invite partnering companies to participate in the planning and implementation of those activities.
- **Ensure quality care and well trained caregivers:** Service providers should put effort into recruiting childcare workers, specifying minimum and preferred qualifications, to ensure a minimum and consistent standard of care across their center/s. All caregivers should be provided with induction training that includes health, safety, and child protection policies and procedures before duties with children commence. Mandatory childcare training should be offered with regular follow up coaching sessions to ensure a high level of care is provided.
- **Invest in marketing material:** Leaflets, brochures, and videos are handy marketing tools to target companies. In-person meetings are useful in pitching the services and clarifying doubts of the employers.
- **Analyze the market and establish a sustainable business model.** Childcare service providers should conduct a market analysis and create value propositions for targeted clients. Providers that serve middle- and upper-income populations are in a better position to expand their business. Those serving low-income populations have a pressing need to develop sustainable business models through diverse funding, product differentiation such as providing childcare services and meals in the evenings and weekends, and proactive client outreach. Subsidies could also be sought from employers and/or government so as to reach out to poor or disadvantaged households with their services.
- **Collaborate with other childcare service providers:** Employees may be scattered in different locations, and employers may find it difficult to select the right service providers to cater to all the needs. When collaborating with others, childcare service providers can enjoy economies of scale in client outreach and service coverage. In the longer term, it will be conducive to the standardization of curriculum and capacity building of childcare practitioners.

Recommendations for Government

The Cambodian government can catalyze the childcare industry proactively through its role of a regulator and a demonstrator.

1. Establish Standards for service provision

The government is instrumental in establishing and monitoring the standards and quality of childcare centers. It can promulgate the minimum standards of childcare service providers, covering all types of operators – government, private, NGOs, and company-affiliated. Standards should be set for facility requirements, safety, teacher or caretaker qualification, teacher or caretaker to child ratio, and so on. Service providers should provide all details, including the range of the services, in the registration form. Standardization of caretaker training, curriculum, and accreditation of qualification can further improve the quality of childcare and create a viable employment pathway for practitioners.

2. Clarify employer obligation under the law and close the age gap

The mandate for business to support childcare is clearly stipulated in the Labor Law. The government can raise awareness about employers' responsibility through campaigns. Because sectors other than garment and footwear are less aware of their legal obligation, such campaigns should be aimed at a broader business audience, potentially through collaborations with business associations.

The government can provide clear guidance on the implementation of the law either through sub-decree, Prakas, or other government instructions, specifying particularly the attributes of a functional childcare center, the calculation of childcare allowance, and the legal consequence of noncompliance. Such additional policies should spell out the monitoring function of specific government agencies, including the level of government – national, provincial, district or commune – and any compliance audits as well as the resources required for such functions.

The government can also develop a sub-decree or Prakas to address the gap in the law for support for a child who is 3-18 months old. There is currently no provision to support mothers once the 3-month maternity leave gets over and the legally mandated childcare support begins at 18 months.

A sub-decree is needed to clarify the obligations of the employer and provide guidelines on what allowances should cover. The law states that if a company is not able to set up a crèche on its premises for children over 18 months of age, female workers can place their children in a crèche and the charges should be borne by the employer. Even when employers pay an allowance to their workers, it is often a small, notional amount and does not significantly contribute to the cost of childcare.

3. Provide childcare support to civil servants across Cambodia

There are more than 200,000 civil servants across Cambodia, and about 80 percent of them serve in provinces. The provision of childcare to civil servants is one of many ways to attract and motivate employees, especially women.

4. Strengthen standards and awareness through demonstration

In 2018, the Ministry of Women's Affairs (MoWA) became a pioneer when it established a childcare center for its employees' children. The Ministry should establish quality standards, operations policy and training standards to serve as a model to other parts of government. The model can be replicated and adapted in other ministries at the national and subnational levels to help public sector employees meet their childcare needs. It can also serve as a model for the private sector to encourage more businesses to provide employer-support childcare.



6. Case Studies



EXO Travel Cambodia's Employee Profile in 2019

- 51 % of 100 employees are women
- One-fifth of women employees have children from zero to five years old

EXO Travel supports employees with children through

- On-site childcare center
- Flexible work and leave arrangement
- Supporting childcare in community

EXO Travel Cambodia

Destination Management Company, Phnom Penh and Siem Reap

EXO Travel, founded in 1993, operates in 10 countries in Asia, organizing personalized tours for inbound tourists. EXO Travel started its Cambodian operation in 2000, with offices in Phnom Penh and Siem Reap. The company has more than 950 employees at the group level, and there are almost 100 employees in Cambodia, 51 of whom are women. Sixty staff members are based in Phnom Penh and about another 40 in Siem Reap. The inbound operations in Phnom Penh are the biggest departments and are managed by women (EXO Travel Cambodia 2018b). There are more female employees working in the sales positions than in technical ones.

Business Context for Supporting Childcare

EXO Travel focuses mostly on inbound travelers coming from Europe and North America. It is a competitive industry; several agents are targeting the same markets, and the rising popularity of online booking has increased the competition.

Core Value: "Yes, We Can and Yes, We Care"

People are everything and EXO is committed to developing, training, and keeping our people happy and healthy.

People are considered to be valuable assets who contribute to sustainable development. One of the core values of EXO Travel is the aim to 'to be responsible'. EXO Travel has invested in employee training (annual EXO Academy) and development. For example, employees are trained on sustainability topics, including responsible tourism.

The employee turnover rate increased from 8 percent in 2017 to 23 percent in 2018, and 27.6 percent in 2019. Female employees' turnover is significantly higher than men's – 67 percent and 37 percent, respectively. Among the female employees who resigned, most did so after maternity leave because they found it difficult to balance work and childcare responsibilities. The company currently employs 20 mothers with children younger than five years. The company is currently not tracking the number of would-be parents.

EXO Travel has a strong commitment toward sustainability. It is certified by Travelife, an international sustainability certification scheme, which helps its members to improve their environmental, social, and economic impacts cost-effectively. There is even a dedicated sustainability coordinator in Cambodia to ensure that the company's responsible travel policy is well understood and implemented.

EXO Travel conducted a satisfaction at work survey in 2018 that included questions on workers' happiness, salary, personal goals, and career development. Seventy-seven percent of the respondents suggested that the company improve the working environment, including the issue of childcare (EXO Travel Cambodia 2018b). Respondents mentioned that they are sometimes required to work on public holidays because of the business's nature, and it is difficult for others to take care of their children.

How EXO Travel Supports Employees with Childcare Needs

On-site children's centers. In response to employees' demand for childcare, EXO Travel's management set up a children's center in the office. The company rented another floor in the office building in July 2018 and kept one room as a Kids' Club. The company allocated a small budget and asked staff to bring new books and toys to furnish the club.

On-Site Childcare Center Use (as of August 2019)

10 children served, ages 22 months to 10 years old

20 mothers served (10 % of Phnom Penh staff)

Kids' Club allows mothers or fathers to bring their children to the office when there is no one to take care of them at home or when the caretakers are on holidays. It helps to minimize employees taking leave to take care of their children. There is no age restriction: there are currently 10 children aged 22 months to 10 years old using the Kids' Club.

"We have decided to give the [Kids' Club] a try as we expand our office. We are willing to listen to our employees and responded to their suggestions from the satisfaction survey. It is still an ongoing process. Even if it is not used by the children on a daily basis, we are happy to have a room like this to provide an alternative to our employees, both women and men. So far everyone finds it beneficial."

Sustainability Coordinator, EXO Travel

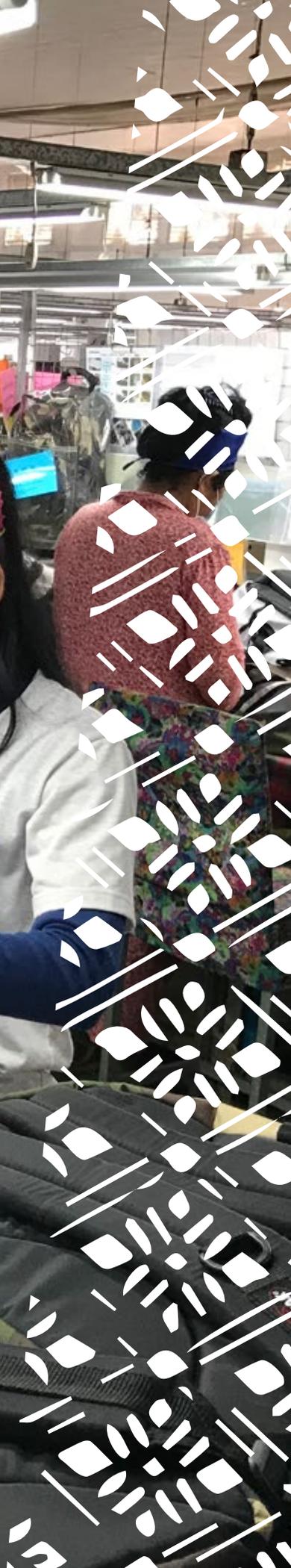
Early childhood care and development activities (ECCD). There is no babysitter in the center, so parents are expected take turns caring for the children during breaks. There are no specific ECCD activities for the children at the moment, but the company organizes an employees' family gathering in office every Friday evening, to which employees can bring their children. Parents celebrate Kids Day at the office, and all children are invited to play and enjoy snacks together.

Flexible work and leave arrangement. The company accommodates employees' childcare needs with flexible work and leave arrangement. For example, one female employee's child was sick so the employee requested a two-month leave to take care of the child. EXO Travel granted her leave with a full salary, which is not a usual practice in the industry.

On another occasion, a female employee who works on system in the sales department requested to work from home because there was no one to take care of her child. The company evaluated her job, decided it does not require her presence in the office, and agreed to her request. The core value of the company contributes to the decision, because EXO Travel believes in team spirit: everyone is expected to share the responsibility and be supportive to other colleagues.

Pregnant employees can take rests at the Kids' Club when they feel tired. EXO also pays a bonus between \$100 and \$200 for each childbirth.

Support childcare in community. Through the EXO Foundation—EXO Travel's philanthropic arm—the organization supports initiatives in child protection. One such project organized by Improving Cambodia's Society through Skillful Parenting (ICS-SP), a national nongovernmental organization (NGO), was about how to prevent unnecessary child-family separation through positive parenting support. EXO Travel finds that ICS-SP's mission is aligned with its values about the care of children; it therefore provides financial support to identify at-risk parents and caretakers and trains them on positive parenting (EXO Travel Cambodia 2018a). In 2020, they have supported Child Helpline Cambodia to promote several trainings on the issue of child marriage in Rattanakiri province. On top of its charity action, EXO Foundation and EXO Travel have developed partnership with *Childsafe* movement to train its staff for implementing best practices in their tours.





In 2019, women represented 81 % of 474 employees

Pactics Cambodia supports employees with children through:

- On-site childcare center
- Partnership with childcare service provider to expand childcare provision
- Childcare subsidies for employees
- Breastfeeding support

Main business impacts of offering childcare support:

- Attracting and retaining workers in a competitive labor market
- Improving productivity of workers with young children

Pactics Cambodia

Microfiber Product Manufacturing, Siem Reap

Pactics Cambodia is the Cambodian manufacturing arm of Pactics, a Dutch manufacturer of microfiber products. In 2008, Pactics Shanghai was established as a manufacturing company with 35 people. Then, Pactics Cambodia started in 2010 with 15 people in Siem Reap. In 2014 the new facility in Siem Reap was opened and most of the production was moved from China to Cambodia. The Cambodian factory produces high-grade microfiber accessories for luxury brands such as Tiffany, Ray-Ban, Oakley, Burberry, and Luxottica Group, the biggest eyewear company in the world. In total, Pactics produces approximately 50 million products each year (Knox 2017) and the company clocked a turnover of \$7 million in 2017 ([Ferrie 2018](#)).

The Siem Reap factory employs 500 workers, of whom 404 are women (81 women). Two women hold management positions, and there are 10 female supervisors.

Business Context for Supporting Childcare

Large numbers of young women were migrating from rural areas to work in cities. Instead of establishing a factory in Phnom Penh, Pactics chose to bring the factory to the people and set it up in Siem Reap, then an industrially backward city. Benefits included low labor costs because of little competition for workers from other factories. Moreover, women could earn a living staying closer to their families.

Pactics has shown a commitment toward workers' well-being. Workers are entitled to 44 days of paid holiday a year –18 days of annual leave and 26 days of public holidays. Some of the staff even gets support for further study and training workshops: two of Pactics' factory workers are currently studying engineering at university, which is funded by the company.

“Staff make or break your product. When you see them as disposable, you will ultimately fail.”

Owner, Pactics

The company currently employs 25 mothers or 5 percent of its total workforce. In 2000, the company experienced a high turnover of women workers because of their childcare responsibilities, and the company needed to come up with solutions.

How Pactics Cambodia Supports Employees with Childcare

On-site childcare center. Pactics’ officially opened a childcare center in October 2014. As of August 2019, the center was serving 16 children aged three months to 12 months. The childcare center is open to all parent staff members with children in the specified age range, free of cost. Although currently only a few of the employees are mothers, the company set up a childcare center to make work opportunities attractive for women.

On-Site Childcare Center Use (August 2019)

16 children served, aged three months to one year

16 mothers served (workers/staff members)

To plan for the childcare need of the employees in advance, Pactics does an annual needs forecasting exercise based on the following data: number of children expected to enroll in either on-site childcare center, private childcare, or preschool; and the number of caretakers required for the on-site childcare center.

Pactics keeps records of all parent workers about their maternity start date, delivery date, and return date. Moreover, personal information of the children is recorded in a childcare application form for enrollment in the on-site or private childcare. The database, updated regularly, allows the human resource team to

forecast the number of children who will enroll in the on-site care center, and the number who will move to a private childcare center when they have reached the cut-off date for the on-site center. The forecast is used to plan and propose the expenses needed for the on-site childcare management and recruitment of caretakers.

Caregiver Training

- Duration: five hours
- Objective: caregivers will be able to take care of children aged three months to 12 months
- Methodology: lecture and practicum under trainer’s supervision
- Topics: child protection policy; safety, hygiene, and nutrition; stages and milestones of child development; practical ideas on childcare, gross and fine motor activities, music and arts; use of toys and other resources

Pactics’ six caretakers, including the lead caretaker, are required to have at least one year of childcare experience. There is one caretaker for every four children. All caretakers received training from Tree House International School on pedagogical skills.

ECCD activities. At the beginning, women were reluctant to bring their children to the new childcare center because of trust issues, but frequent contacts helped to address that. Monthly meetings between caretakers, mothers, and HR staff have been held to discuss child development – every child’s weight and height is recorded every month, for example. Workers who place their children in the childcare center are required to take turns cleaning the facility.

In anticipation of increasing childcare needs, especially for the one-three year age group, Pactics plans to build a new childcare center within the factory premises. The on-site childcare center is free as of the time of this study, but the company is considering charging workers a fee when childcare services are expanded.

Partnership with childcare service provider to expand childcare:

Pactics has signed a contract with Angkor Kids Club, a private institution founded in 2017 to provide childcare service and preschool to children. The collaboration allows a wider age range of children to use the service. As of August 2019, 11 children of Pactics' workers were enrolled in Angkor Kids Club, constituting about 12 percent of the total children enrolled in the center. As a result of the tie-up with Angkor Kids Club, Pactics' workers who have children between ages one and six years at the center enjoy a 33 percent subsidy from Pactics, equivalent to \$20 per month. Employees are also required to pay \$100 as the administrative and enrollment fee.

Angkor Kids Club Use (as of August 2019)

11 children served

Childcare subsidies for employees. Pactics provides free childcare for all employees' children between three months and 12 months old. After that, parents have to pay for the childcare service, but at the discounted rate.

Support for breastfeeding mothers. The on-site childcare center provides a clean and private space for mothers to breastfeed their children. New mothers can take an hour per day to breastfeed on-site, by signing in a logbook. As of August 2019, 16 female employees were using the facility.

Business Impact of Childcare Support

Even though Pactics has not done an actual cost-benefit analysis, the management sees clear business benefits of providing childcare support in its ability to recruit and retain employees. Siem Reap is a tourist center, and it is difficult to find workers who want to work in a factory, even more so to find those who have the right skills, such as sewing. It is expected that benefits such as childcare can attract more and better talent.





Prakas 106/04 on the Prohibition of Hazardous Child Labor lists 38 types of hazardous work that may jeopardize a child's health, security, or morals, including:

- Handling pesticides and herbicides
- Lifting heavy loads
- Logging
- Working under conditions of excessive heat, cold, vibration, sound, and abnormal lighting, which could pose risks

Grandis Timber Cambodia

Grandis Timber, a commercial reforestation company, growing ethical furniture-grade timber –hardwood such as teak, mahogany, eucalyptus, and acacia are among its products. It complements the hardwood business with sugarcane farming and cattle rearing. The company is committed to sustainable production of forestry products and has a dedicated sustainability department to take care of its environmental and social responsibility initiatives. Childcare services for its employees is managed by this department.

Business Context for Supporting Childcare

Plantation work is seasonal. During the peak season of harvesting, the company needs more labor. Finding it increasingly difficult to hire male adults because of migration, Grandis Timber has to rely on women as the majority of its workforce.

The female seasonal workers commute daily from surrounding villages to the plantations. Because women are responsible for taking care of children, these workers usually bring their children to the plantations. It is challenging to get women to work if their children are not allowed at the worksite. Thirty-nine out of 95 seasonal workers in the plantations have children under six years old. It is likely that children accompanying their mothers end up helping them, which is fraught with risk because there are many hazardous processes in plantations.

How Grandis Supports Employees' Childcare Needs

On-site childcare center: Grandis Timber used to operate two tree nurseries in different areas, each with a childcare center to take care of children of workers and community members who did not work for the company. Both centers are currently not in use because of insufficient number of children.

In 2018, Grandis Timber opened a childcare at its site office in Kampong Speu Province. The company bought a building next to its nursery department; children of workers and nonworkers are allowed to enroll. Grandis promotes the childcare center during work meetings with seasonal workers.

All children under six years of age are eligible to be admitted. As of August 2019, 19 children, aged two years to six years used the center. Of these, 10 percent are children from the community who do not work for the company. With two caretakers, the center is open from 6 a.m. to 5 p.m., and the working hours are from 7 a.m. and 5 p.m.

Grandis on-site childcare center:

- 19 children served
- Provides service for all staff members and workers and mothers in the community
- Currently serving children from two to six years old
- About 50 % of seasonable workers with children under six use the center

The childcare center is equipped with study materials, toys and playground equipment, and personal hygiene items. The center serves meals and organizes learning activities following a lesson plan, such as singing, storytelling, and etiquette. Grandis plans on developing standards for its childcare activities, including a proper curriculum. After the child turns six, parents are encouraged to send their children to nearby public schools.

But challenges in accessibility remain. Some parents do not want to bring their children to the center because of the inconvenience of commuting. The average distance from workers' homes to the facility is about 25 kilometers, and parents would need to take their children with them on motorbikes. Grandis provides a fixed transportation allowance to all workers regardless of their distance to work. The company is considering a collaboration with other plantation companies in the same areas to drive down the operating cost of the childcare center.

Business Impact of Childcare Support

Grandis has not conducted an analysis on the business impact of childcare provisions. It is expected that such a service helps to retain seasonal workers and motivate them to work, because they are less distracted by their children at the work sites. It helps to mitigate the risk of child labor, which is a major compliance and reputational concern.

"Our childcare center can attract mothers to work for us. If they put the children in the center, we might retain them for at least two years."

CEO, Grandis



Appendix A: Regulatory Landscape and Childcare-Related Provisions of Labor Law

In the last two decades, the Cambodian government has taken a range of steps to strengthen its childcare and early childhood development program – including childcare provision in the Labor Law, drawing up national actions plans and issuing decrees. The legal provisions that define employer-driven childcare in Cambodia are described below.

Employers' Responsibilities to Support Childcare

Article 186 of the 1997 Labor Law of Cambodia regulates employers' responsibilities in supporting childcare in the workplace (see childcare-related provisions in appendix A, table A.2), which defines that every employer with more than 100 female employees has to provide childcare. Based on this article and a clarifying letter from the Ministry of Labor and Vocational Training, workers can place a child in daycare at the factory, or receive daycare cost allowances from the time the child is 18 months old up to three years of age.¹ However, the Arbitration Council, tasked with resolving collective labor disputes in the country, has stated unambiguously that paying childcare allowances does not relieve the employer from their obligation to set up childcare centers themselves.

The Labor Law further stipulates that a Prakas (regulation or government instruction) should be passed to define the standards and requirements when setting up childcare facilities. While the Ministry of Labor and Vocational Training drafted a Prakas in 2002 that defines the minimum standards for enterprise creches, the Prakas has never been officially endorsed. As a result, there is no detailed guidance on the implementation of Article 186, neither is the legal consequence of noncompliance stipulated.

Furthermore, the Labor Law does not provide details about how childcare costs outside of the factory are to be covered, and there is no guidance on how much should be paid and for what. An Arbitration Council award has instructed an employer who was unable to create a daycare center to pay \$15 to each female employee with children between the ages of 18 months and 3 years, but has indicated that this is not a fixed amount as allowances for childcare should be based on actual costs.² The importance of providing women with the actual cost of childcare has been reaffirmed by the Arbitration Council on multiple occasions. However, there is no law or award that makes it illegal for companies to settle on agreements with workers based on a lower monthly allowance rates, and the Council has approved agreements as low as \$5 a month³

Leave Policy

The Labor Law mentions two types of leaves related to childcare: Maternity leave for women⁴ and special leave for workers' immediate families.⁵ All woman workers who have worked for the same company or factory for 12 consecutive months have the right to avail of maternity leave for 90 days.⁶ The law does not specify how many days women workers must take off before and after the delivery. However, they are entitled to perform only light work during pregnancy. Employers need to continue to pay half of the wages and other allowances to the women workers during the leave.⁷ Laying off women workers during their maternity leave period violates the law. When they return to work, they should be assigned only light work in the first two months.⁸

1 Article 186: "Managers of enterprises employing a minimum of one hundred women or girls shall set up, within their establishments or nearby, a nursing room and a crèche (daycare center). If the company is not able to set up a crèche on its premises for children over eighteen months of age, female workers can place their children in any crèche and the charges shall be paid by the employer" (<https://www.ilo.org/dyn/travail/docs/701/Labor>). The Ministry of Labor and Vocational Training has further clarified in a letter that the workers can claim childcare charges for their children from 18 to 36 months old (http://ilo.org/wcmsps/groups/public/--asia/--ro-bangkok/--sro-bangkok/documents/publication/wcms_203802.pdf).

2 ILO 2012.

3 ILO 2012.

4 Labor Law of Cambodia arts. 182 and 183.

5 Labor Law of Cambodia art. 171.

6 Labor Law of Cambodia art. 182.

7 Labor Law of Cambodia art. 183.

8 Labor Law of Cambodia art. 182.

Breastfeeding

An employer that employs 100 women or more must set up an operational nursing room.⁹ The Arbitration Council states that giving milk formula or payment instead of providing a nursing room is not allowed under the law.¹⁰

Every female worker who breastfeeds her children must be given a one-hour break during the working hours for one year.¹¹ This is applicable to all workers regardless of the size of the company. The breaks must be longer than the normal breaks provided for in the Labor Law, and should be mutually decided between the employer and women workers. If there is no agreement, the breaks shall be taken at the midpoint of the respective work shift.

ECCD Policy Landscape

The Council of Ministry of the Cambodian government adopted the National Policy on Early Childhood Care and Development (ECCD) in February 2010 to tackle long-term economic challenges. The policy was integrated into the Education Strategic Plan 2014–18. Developed by the Ministry of Education, Youth and Sport (MoEYS) in full cooperation with 10 other ministries, the ECCD policy supports the care and development for all children from conception to age six, regardless of their backgrounds.

The National Committee for ECCD was formed in 2013 to implement, monitor, and evaluate the result of the National Policy on ECCD. The priorities are to expand and enhance the quality of ECCD services, formulate legal frameworks and multisectoral coordinating mechanisms, mobilize resources and funding for the Program activities through partnerships, and monitor and evaluate its progress and impact across the country.

Based on the ECCD policy framework, a five-year National Action Plan 2014–18 was developed. The plan sought to increase the enrollment and enhance protection for children up to the age of

six – especially children from poor families, indigenous minorities, and children with disabilities. Its goals included prioritizing community-based preschool and home-based early childhood education programs through a series of initiatives, including setting up nurseries and preschools.

In September 2017, the Cambodian government introduced a scheme under the National Social Security Fund (NSSF) to provide a benefit of \$100 to garment workers who gave birth to one child, \$200 to workers who had twins, and \$300 to workers who had triplets. The NSSF has paid out nearly \$1.3 million to around 13,000 garment workers who gave birth in the first two months of 2019, an increase of about 55 percent compared to the same period in 2018 (Narim 2019).

According to the Arbitration Council, employers can forego offering childcare on their premises for children younger than 18 months, and pay for their offsite childcare instead. The Labor law does not specify the age range of children to be included in the childcare provision, but a typical Cambodian childcare center takes in children aged between 18 months and three years.

Childcare Centers, Home-Based Care Programs, and Preschools

The enrolment of children below three years in Early Childhood Education (ECE) in Cambodia is low: only 3 percent had access to childcare services in 2012.¹² However, enrolment of age 3 and above has been increasing according to the latest statistics by MoEYS. The percentage of three-year-olds enrolling in ECE has increased from 21.1 percent in 2012-2013 to 40 percent in 2017-2018. The percentage of four-year-olds enrolling in ECE has increased from 21.5 percent in 2012-2013 to 45 percent in 2017-2018, and five-year-olds enrolling in ECE has increased from 56.59 percent to 80 percent in 2017-2018.¹³

9 Labor Law of Cambodia art. 186.

10 AC Award 63/04, 68/04.

11 Labor Law of Cambodia arts. 184 and 185.

12 See the MoEYS web page "Education Strategic Plan 2014–2018" at <http://www.moeys.gov.kh/en/policies-and-strategies/559.html#.Xh04jC2ZPow>.

13 See the MoEYS web page "Education Strategic Plan 2014–2018" at <http://www.moeys.gov.kh/en/policies-and-strategies/559.html#.Xh04jC2ZPow>.

There is no government provision of childcare center services in Cambodia, but the government and private sector together provide a range of childcare options. The government runs state preschools, which are set in primary schools and taught by teachers with two years of professional training. Community preschools (CPSs), funded by MoEYS, the Ministry of Interior (MoI), and NGOs, are often taught by community members who take part in a short training program – typically a 35-day curriculum. They normally operated for two hours, from 8:30 a.m. to 10:30 a.m. Insufficient budgets and lack of standards and quality assurance are major constraints.

The general feedback gathered from parents with children attending preschools and childcare centers indicates that most programs have not yet reached their full potential. Training of caretakers is limited and learning and teaching materials are in short supply. Indeed, research has shown significant inefficiencies in training teachers in terms of improving the teaching quality¹⁴. To tackle these challenges in 2017, a Sub-Degree in Management of Community Pre-School was launched to ensure minimum standards for the management of community preschools, aimed at improving the quality and effectiveness of education for children aged three to six years. As part of the support, certified teachers are paid substantially higher.

The Ministry of Women's Affairs (MOWA), whose mandate is to train pre-school teachers, in addition to establish and manage community preschools, also trains home-based parent, especially young parents who live in poverty and are affected by domestic violence. The Program is supported by UNICEF in six provinces and Save the Children in two provinces.

¹⁴ World Vision 2019.

Table A.1 Cambodia Childcare Regulatory Landscape Snapshot

Cambodia Main business city: Phnom Penh Region: Southeast Asia Income level: Lower-middle-income Population: 16,449,519 (2018) Female population: 8,319,570 (2018) Mother mean age at first birth: 22.9 years (2014 est.) Labor force participation (15+): 75% female 88% male Compulsory primary education enrollment age: 6 years Children aged 3 to 5 years enrolled in early childhood education: 43% (2017/18)	Key policies and convention				
	Ratification of Convention on the Rights of the Child (October 15, 1992)				
	National policies on ECCD (endorsed by Council of Ministers on February 19, 2010)				
	National Action Plan ECCD 2014–2018 (approved by Cambodian Council of Ministers, 2014)				
	Subdecree on the management of community preschool (approved by Prime Minister on December 29, 2017)				
	Leave policies				
	Paid maternity leave		90 days		
	Paid paternity leave		No		
	Paid parental leave		No (7 days of special leave for personal reasons that affect immediate family)		
	Legal obligation for employers to support childcare		0–18 months	18–36 months	3–5 years old
	Obligation for employers to support childcare?		Yes	Yes	Yes ^a
	Based on the number of female employees?		Yes	Yes	Yes ^a
	Based on the number of female employees regardless of gender?		No	No	No
	Special legislation on employer-provided childcare?		n.a.	n.a.	n.a.
	Government incentives to employers to support childcare				
	Tax benefits to employers to support childcare?		n.a.	n.a.	n.a.
	Nontax benefits to employers to support childcare (monetary and nonmonetary benefits)?		n.a.	n.a.	n.a.
	Quality of early childcare services inside the enterprise				
	License or registration required		n.a.	n.a.	n.a.
	Zoning requirements		n.a.	n.a.	n.a.
Pupil-teacher ratio required		n.a.	n.a.	n.a.	
Penalties for noncompliance with the law		n.a.	n.a.	n.a.	
Standard childcare/education provision regulation		No	No	Yes (preschool)	
Standard curriculum required		No	No	Yes (preschool)	

Note: ECCD = early childhood care and development; n.a. = not applicable.

<table fn> Applies to plantations.

Table A.2 Childcare-Related Provisions of Cambodia's 1997 Labor Law

Law	Provisions
Labor Law art. 186	<ul style="list-style-type: none"> Managers of enterprises employing a minimum of one hundred women or girls shall set up, within their establishments or nearby, a nursing room and a crèche (childcare center). If the company is not able to set up a crèche on its premises for children over eighteen months of age, female workers can place their children in any crèche and the charges shall be paid by the employer.
Labor Law art. 187	<ul style="list-style-type: none"> A Prakas (ministerial order) of the Ministry in Charge of Labor shall determine the conditions for setting up hygienic environment and supervising these nursing rooms and crèches.
Arbitration Council 96/06	<ul style="list-style-type: none"> The employer must provide a daycare center for children, for use from the date a woman worker returns to work after giving birth; this means that the employer must provide on-site day care for children under 18 months of age, but the employer may pay for off-site childcare for children over 18 months of age.
Specific provisions to plantations	
Labor Law art. 219	<ul style="list-style-type: none"> When a plantation employs one hundred or more regular working resident women, the Labor Inspector can, on the advice of the health service and the provincial or municipal governors, require the employer to construct, organize, and maintain a day nursery near the workers' housing. This day nursery will be placed under the supervision of a female caretaker, who will be eventually assisted as needed by one or more helpers, depending on the number of children, and will be provided with necessary supplies such as milk and rice.
Labor Law art. 220	<ul style="list-style-type: none"> The maximum age of admittance for children to the day nursery is six years.
Labor Law art. 221	<ul style="list-style-type: none"> A day nursery shall be opened and operated according to the conditions specified above, provided that there are at least ten children enrolled.

Appendix B: Overview of Garment and Footwear, Finance, and Tourism and Hospitality Sectors

Table B.1 Overview of Cambodia's Garment and Footwear Industry

Significance to Cambodian economy	<ul style="list-style-type: none"> • Garment and footwear sector's value added accounted for nearly 11 % of the Cambodia's GDP^a • Garment and footwear exports account for more than two-thirds of total merchandise exports^b • The footwear sector shows higher growth rates than the garment sector since 2006, with an average growth of 27% per year between 2015 and 2017^c
Composition and ownership of the industry	<ul style="list-style-type: none"> • In 2018, there were 557 export-oriented garment factories^d and 75 footwear factories in Cambodia^e • Over 60% of Cambodia's garment factories are within or in close proximity to Phnom Penh. Other key locations of garment factories are Kompong Som, Kompong Speu, Kompong Cham, Kompong Chhnang, Svay Rieng, Takeav, and Kandal provinces^f • Approximately 90% of factories are foreign-owned
Labor demographics	<ul style="list-style-type: none"> • Garment and footwear companies are the largest nonagrarian employer in the country, with over 1 million workers (about 7% of Cambodia's total population)^g • More than 80% of workers are women; more than 80% of all workers are below 35 years old • Approximately 46.4% of women are married or live with their partners^h • 18% of workers originated from Phnom Penh; another 15% are from Kandal Province (close to Phnom Penh)ⁱ • Most workers have low education attainment (primary school), and there is a high concentration of women working in lower-ranked positions^j • The minimum wage for Cambodian garment workers has increased significantly in recent years (US\$170 in 2018). With the base rate of pay making up only around 65% of workers' take-home pay, it implies that other payment, especially overtime pay, is significant^k • Workers are working longer hours; on average, workers put in a total of 216 hours per worker per month in 2017, approximately 11 hours more than they did in 2016^l • Employee turnover is high in the industry; it can reach up to 44% per annum^m

Note: GDP = gross domestic product.

ILO 2017.

World Bank 2019a.

ILO 2019.

BFC2018.

ILO 2019.

Rastogi 2018.

ILO 2018b.

ILO 2018b.

ILO 2018b.

ILO 2012..

ILO 2018a.

ILO 2018a.

Asia Foundation 2017.

Table B.2 Overview of Cambodia's Finance Industry

Significance to Cambodian economy^a	<ul style="list-style-type: none"> • Cambodia is a bank-based economy, and commercial banks are the primary source of funding • 90% of Cambodia's financial assets are in the country's banking system • In 2018, banks' assets increased by 20.12% to approximately US\$28.89 billion, equivalent to 131.43% of GDP
Composition and ownership of the industry^b	<ul style="list-style-type: none"> • As of December 2018, there were 151 financial institutions in Cambodia • Key players in Cambodia's banking sector are the NBC, 43 commercial banks, 14 specialized banks (including one state bank), five representative offices of foreign commercial banks, 74 microfinance institutions (of which seven are eligible to collect customer deposits), and 15 financial leasing companies • All banks have their headquarters in Phnom Penh, and some commercial banks have bigger branches in Siem Reap. A number of NGOs have strong presences in rural credit activities
Labor demographics	<ul style="list-style-type: none"> • The banking sector employs about 50,000 employees. The workforce is quite young, with an average age of 24; senior management can be in their 30s^c • Most employees are men (about 80%), with more women in the junior positions (more than 90% of tellers are women^d) • Interview from a bank indicated that only four out of 132 branch managers are women • There is occupational segregation for women. One of the largest banks in Cambodia has 12,000 employees, with 40% women. Supporting services have more women: HR (85%) and finance and operations (40%), but client-facing divisions have much less (only two women out of 3,000 employees are in the credit/loan division)^e • Education level of employees is high; it is normal for tellers to have university education^f • Turnover is high, and it is difficult to recruit and retain skilled positions. The turnover rate of the finance and insurance sector was about 15% in 2017, and 87% of the finance and insurance companies surveyed by the NEA said they face shortages in technical and associated professions^g • On average it takes 2.5 months to fill a frontline/administrative position and three months to fill a management one^h • Among the 10 industries surveyed by NEA, the highest percentage of hard-to-fill vacancies is in finance and insurance (70%); 39 companies said there is too much competition from other employersⁱ • Poaching is an issue in the sector, and the ABC has set up a database to track employment movement between banks; for each employee hired away from another bank, the poaching bank will need to pay at least US\$750 to the Development Fund of ABC's IBF for capacity building purpose. 75% of the fund will be used for IBF operation, and 25% will be used either as training credits or channeled to members to support recruitment or internal training • Banking is one of the highest paid sectors in Cambodia. A junior staff (teller) can earn US\$250 to US\$300 per month, and senior staff can earn several thousands per month^j

Note: ABC = Association of Banks of Cambodia; GDP = gross domestic product; HR = human resources; IBF = Institute of Banking and Finance; NBC = National Bank of Cambodia; NEA = National Employment Agency; NGO = nongovernmental organization.

a. See the ABC web page, "Impacts of Banking Sector" at <https://www.abc.org.kh/impacts-banking-sector>.

b. See the ABC web page, "Impacts of Banking Sector" at <https://www.abc.org.kh/impacts-banking-sector>.

c. ABC, interview by CCR CSR (3 June 2019, Phnom Penh)

d. ABC, interview by CCR CSR (3 June 2019, Phnom Penh)

e. a bank, interview by CCR CSR (11 June 2019, Phnom Penh)

f. ABC, interview by CCR CSR (3 June 2019, Phnom Penh)

g. NEA 2018.

h. a bank, interview by CCR CSR (5 July 2019, Phnom Penh)

i. ABC, interview by CCR CSR (3 June 2019, Phnom Penh)

j. ABC, interview by CCR CSR (3 June 2019, Phnom Penh)

Table B.3 Overview of Cambodia's Tourism and Hospitality Sector

Significance to Cambodian economy	<ul style="list-style-type: none"> • Tourism's share of GDP has risen from 6.2% to 16.3% from 2010–17. Taking into account indirect contributions such as investment in tourism-related projects from other industries, the World Travel and Tourism Council has estimated tourism's total contribution to Cambodia's GDP to be 32.4% of the GDP in 2017^a • Underpinned largely by arrivals from China, growth in total tourist arrivals for 2018 reached 6.2 million^b. Cambodia has set a target of receiving 7 million foreign tourists in 2020^c
Composition and ownership of the industry	<ul style="list-style-type: none"> • Cambodia currently has more than 800 hotels, clustering in Phnom Penh, Siem Reap, and Sihanoukville. Phnom Penh saw a 23% jump in the number of hotels, from 355 to 437 in 2018^d • Cambodia has 585 travel agencies and tour operators employing 3,230 licensed guides, 89% of whom are based in Siem Reap • Almost all local businesses are owned by Cambodian natives^e
Labor demographics	<ul style="list-style-type: none"> • The tourism sector has generated about 3.5 million direct and indirect jobs^f • In 2017, the tourism sector created 1,191,000 direct jobs (13.6% of all employment) and is projected to increase by 4.2% to 1,241,500 jobs (13.9% of total employment) in 2018^g • By 2028, tourism will create 1,854,000 direct jobs, which will increase by 4.1% in the next 10 years^h • Women represented 54% of the tourism workforce in 2015, and they tend to be employed in lower-skilled jobs paying lower wagesⁱ • The demand for skilled tourism workers is growing. According to the Ministry of Tourism, Cambodia needs to have at least 50% of skilled tourism staff certified through education programs and training that meet the set national as well as ASEAN standard by 2020^j

Note: ASEAN = Association of Southeast Asian Nations; GDP = gross domestic product.

a. OECD 2018.

b. World Bank Group 2019.

c. Vannak, Chae. "Tourist arrivals forecasts continued growth in 2020". Khmer Times. January 7, 2020. <https://www.khmertimeskh.com/50677162/tourist-arrivals-forecasts-continued-growth-in-2020/>

d. Zico Law. "Growth in Cambodia's tourism leads to HMA increase". Zico Law Webpage. April 1, 2019. <https://www.zicolaw.com/resources/alerts/growth-in-cambodias-tourism-leads-to-hma-increase/>

e. Cambodia Tourism Federation, interview by CCR CSR (2019, Phnom Penh)

f. World Bank 2018.

g. World Bank 2018.

h. World Bank 2018.

i. ADB 2017.

j. Cambodia News Gazette 2019.

Appendix C: Sample Questions to Guide Company Childcare Needs Assessment

Table C.1 Employer Questions to Guide Company Childcare Needs

<p>What is the potential size and nature of the demand for childcare?</p>	<ul style="list-style-type: none"> • How many employees, including direct and indirect employees, have children (under 18 months, 18 months to 3 years, and 3 to 5 years)? • Which departments/functions/branch offices have the highest number of employees with children? • Is the demand for children likely to change in the future? How is it going to change in terms of the proportion of different age groups and the mix of local and migrant employees? • How many employees, including new recruits and existing ones, are likely to become parents?
<p>What are the gaps in existing childcare services?</p>	<ul style="list-style-type: none"> • How do parents currently fill their childcare needs, such as through family members, private childcare center, or home-based care? • What are their preferences for childcare services? • What is the availability of local childcare services and how developed (or underdeveloped) is the childcare market? • What are the biggest barriers to accessing childcare—cost, reliability, quality, location, transport? • When is childcare needed—full-time or part-time, during vacation periods, outside of normal childcare hours (early, late, weekends), in emergencies?
<p>What is the potential impact of childcare constraints on the business?</p>	<ul style="list-style-type: none"> • Does the company have a system and mechanism to collect and analyze employee-related business data such as absenteeism, turnover, recruitment lead time and cost, performance, and staff satisfaction? • Are absenteeism rates particularly high for parents of young children? What is the impact of absences or distractions on output and quality? • How many employees have left because of childcare issues? How easy is it (and how much does it cost) to replace an experienced employee? • How are recruitment, productivity, errors, accidents, turnover, performance, tardiness, or morale impacted by childcare challenges? • Is the company having trouble increasing gender diversity, particularly among women who have or want to start a family? • How do the company's existing benefit offerings compare with those of competitors?

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