

Preliminary Assessment Statement

Regulatory Proposal : Prakas on Apprenticeship
 Ministry : Ministry of Labor and Vocational Training
 Reference no :
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PROCESS	Name	Position	Contact	Email
RIA	1-H.E. Heng Sour	Chief RIA	012-693-777	hengsour@yahoo.com
	2-Mr. Tep Oeun	Deputy Chief RIA	012-606-572	tepoeuntvet@gmail.com
MLVT	3-Mr. Ty Sererith	Member RIA	012-851-884	sereirith_ty@yahoo.com
	4-Mr. Leng Bunnara	Member RIA	089-396-989	tabunnara@yahoo.com
	5-Mr. Theang Seangveng	Supporting Staff	077-889-954	seangveng_theang@yahoo.com
ORIA	Mr. Som Somnang	Member	077 644 095	somnangs001@gmail.com
	Mr. Heng Sopheak Panha	Member	011 217 717	pangha.h@gmail.com

A brief description of the proposal

This Prakas (According to Article 1, Chapter 3 of the Labour Law, 1997) requires that all enterprises and establishments factory workers more than 60 people have applied for an apprenticeship¹. For new enterprises, establishment, and factories must implement a long apprenticeship in the 3 months after the official launch. For enterprises, establishments and factories that do not possibility apprenticeship must to proposals to the Ministry of Labour and Vocational Training to pay taxes instead for apprenticeship (1% of the total annual wage of all workers of the enterprise every year). This objective of Prakas is increase the knowledge and know-how to improve behavior workers to get the job of a wholelife and focus on improving the productivity of the workers in factory, enterprises and establishments.

Types of proposal

waL	Royal Decree	Sub Decree	Prakas	Decision	Circular	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This proposal regulation has impact on:

(Characterized as regulations mean that the proposal would make changes behaviour)

¹ Apprentice is a person who has signed a contract to study the profession with the employer or artisan anyone who has contracted to each other that employers need to teach or use them to teach vocational and apprentice must work for an employer, but in the conditions and the period of the contract (Article 8 of the Labour Law)

1-Problem Identification

Main Problem	The solution of regulation (Choose √ Yes / No)	Evidents /Reality (attached with referents if have)
Public Health and Safety	No	
Protect Environment	No	
Gender, Social and Cultural	Yes	A mounq of the works on industrial sector has 74% women. This Prakas will improve the skill and income.
Challenge	Yes	Promoting skill, streghtening training and appriecship are increase labor productivity that it is key to push local competition (Berik &Rodgers, 2010; Salinger et al., 2005).
Data Collection	No	
MOU and Agreement	No	

Other related problems to be also addressed by this proposal

<ol style="list-style-type: none">1- Limited skills of workers.2- Worker productivity and labor wages are low compared to other countries such as Vietnam and China (Berik & Rodgers, 2010).3- Accidents always occur as a result of work not yet to complete apprenticeship.

List any (existing) regulations that are related or similar

<ol style="list-style-type: none">1- Labour Law in 19972- Investment Law article 18 (new) on 24 March 20033- Prakas No. 145 on vocational training to children who work under ground on 10 June 2002.

Clarify why the existing regulatory not enough?

The regulatory above are general not specific principle such as percentage of workers who get the training, pay tax for apprenticeship and procedure related to apprenticeship.

Should we necessary to choose other option? Yes

2. Objective – What do we want to achieve?

- Improving capacity building and get jobs throughout the life of workers.
- Improving labour productivity and wage workers.
- Reduce accidents and improve working conditions better for workers.

3-Options – Consider all alternatives

Other option can implementing (for impact analysis)

1. Prakas on apprenticeship (all enterprises, establishment, and factories that do not possibility apprenticeship must to proposals to the MLVT to pay taxes instead of apprenticeship)
2. Prakas on pay taxes for apprenticeship (required all enterprises, establishment, and factories pay taxes to ministry on apprenticeship and training course)

4-Preliminary estimate of compliance Costs and Benefits Categories

4.1 Identification of tasks and cost categories

In guideline provide the table of cost as below

Option	Government	Private
Option 1	<ul style="list-style-type: none"> - Prepare Prakas - Consultation - Filling system - Publish & dissemination - Strengthening implementation - Other 	<ul style="list-style-type: none"> - Incentive for teacher - equipment and material - Pay taxes 1% to ministry - hospitality
Option 2	<ul style="list-style-type: none"> - Prepare Prakas - Consultation - Incentive for teacher - Filling system - Publish & dissemination - Strengthening implementation - Other 	<ul style="list-style-type: none"> - Pay taxes 1% to ministry - Salary for apprenticeship - Hospitality

4.2 Scope of Each Option

Options	Sector / Business	Amount of Business	Reference/Evidence
Option 1	Industry, mine, commerce, handicraft, service, agriculture, transportation....(Refer article 1 of Labour Law)	1,600	NIS/MOP 2011
Option 2	Industry, mine, commerce, handicraft, service, agriculture, transportation....(Refer article 1 of Labour Law)	1,600	NIS/MOP 2011

4.3 Estimating cost of private and government more

Private		
Options	Increasing compliance cost	Reference/Evidence
Option 1	Unremarked	Total cost \$ 11,525,500 coverage 1,600 privates (cost for one private \$7,203). This cost unremarked if compare to private annual benefit (Example: average benefit of garment factory in Cambodia in 2008 equal \$ 11 million (Asuyama, Chhun, Fukunishi, Neou, & Yamagata, 2013)).
Option 2	Unremarked	Total cost \$ 12,472,000 coverage 1,600 privates (cost for one private \$7,795). This cost unremarked if compare to private annual benefit the same as example above.
Government		
Options	Increasing compliance cost	Reference/Evidence
Option 1	Unremarked	Total cost \$ 176,491 equal 0.7% if compare to ministry annual budget in 2013 (\$ 27 million).
Option 2	Unremarked	Total cost \$ 6,161,498 but benefit receive from apprenticeship taxes \$ 7.44 million. Therefore this cost unremarked.

4.4 Estimating of benefit

Options	Benefit	Reference/Evidence
Option 1	Remarkable	<ul style="list-style-type: none"> - Improving capacity building and get jobs throughout the life of workers. - Improving labour productivity and wage workers. - Reduce accidents and improve working conditions better for workers. - Improving international competitive of Cambodia industry.
Option 2	Remarkable	Reference for option 2 is the same as option 1.

4.5 Is there any competition impact?

Unremarked

(If impact competition remarked required to do RIS)

Cost of private for implement this Prakas is samll amount if compare to annual benefit and not impact competition too.

4.6 Is there any gender impact?

(Is this regulatory has women impact (individual or woman's business) than men?)

Remarkd

According to reports in the strategic plan for the development of labour and vocation, traning sector 2014-2018 among workers doing work in industry sector total 628,166 workers, women 463,161 workers equal 74%. Therefore, this regulatory can improve capacity building and wage women workers.

5-Preliminary Consultation

Those involved		Method	Brief vision:
Private	GMAC representative of garment factory 95%	Call by phone	<ul style="list-style-type: none"> - Option 1: support to apprenticeship program. - Option 2: disagree to apprenticeship pay taxes 1% on annual wage works.
	enterprise	N/A	N/A
Consumers	consumers	N/A	N/A
Government	ministry/organization	N/A	N/A
Gender	women team	N/A	N/A
Expert	name	N/A	N/A
Other	name	N/A	N/A

6-Conclusion

6.1 Brief of cost and benefit more

Option	Private	Government	Benefit
Option 1	Unremarkd	Unremarkd	Remarkd
Option 2	Unremarkd	Unremarkd	Remarkd

6.2 Is a RIS require?

No – Provide justification and complete the rest of the PAS

This regulatory proposal is not serious business costs.

6.3 Choosing the options (description on option and identify which option will choose)

Option 1 is option which acceptable because according to the result of consultation with privates were agreed this option (GMAC is the committee representative of garment factories 95% in Cambodia).

Criteria		Reason
Is it an option with minimum additional expenditure obligations for the business sector and the community?		Each of privates have to add more cost \$7,203 per year on apprenticeship. this cost unremarked if compare to their annual income (Example: in 2008 average revenue of garment factories in Cambodia equal \$11 million (Asuyama, Chhun, Fukunishi, Neou, & Yamagata, 2013).
Which option give benefit maximum?		<ul style="list-style-type: none">- Have benefit for labours through improve capacity and wage workers.- Have benefit for privates through increase labour productivity.- Have competition of national industry.

7- Implementation and Monitoring

If the proposed new sub-decree was selected

7.1 What measures were adopted to enhance transparency and good governance during the implementation stage?

Ministry will inspection on apprenticeship on the enterprise, institutional and factory have responsible on apprenticeship 2 time a year.

7.2 Should this regulation be reviewed/monitored post implementation? If so when and how should it be reviewed/monitored?

This regulatory will reviewed during 3 years based on development and situation of economic sector.

Other Description

- Implementation of training programs have not yet determined the exact standards for each of enterprises and factories commonly used (Article 6).
- The name of ministry responsible current incorrect from the definition that mention in this Prakas (Article 6 and 8).
- Cashier of vocation and training have mention in this Prakas untl now not yet create (Article 8).
- Capacity of labors are not responded to improving technilogy and social-economic yet, specially ASEAN integration of labor force in 2015 (immigration individual) and international.

PROCESS	Name	Position	Signature	Dated
Prepared by: MLVT	1-H.E. Heng Sour	Chief RIA/MLVT		
Check by : ORIA	Mr. Som Somnang	Member RIA		
	H.E. Eng Rotmoni	Chief RIA		
	H.E. Mam Sarith	Chief CBA		
Approved by: ORIA	H.E. Pech Sokha	Project Manager		
Data entry	Mr. Leng Bunnara	Member of RIA/MLVT		
Database	Mr. Eang Ratha	Member of I-Center		