



CDRI
Cambodia Development Resource Institute



Policy brief

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Turning Crisis into Opportunity: A Programme of Intervention for Cambodian Returnees

Introduction

Cambodia is at a critical juncture. Since July 2025, following the border conflict with Thailand, around 910,000 Cambodian workers, close to 10 percent of the national labour force, have returned home. These workers represent the backbone of rural economies and the livelihoods of millions of households. Before their return, they contributed an average of USD400 per month in remittances, accounting for half of many families' incomes. Their sudden repatriation has left communities grappling with the simultaneous loss of jobs, remittances, and social stability.

The characteristics of the returnee population highlight the urgency of action. Ninety-six percent are of working age, yet most have limited education, with only one percent having completed vocational or higher training. Around one-third of returnee households carry debts, ranging from USD5,000–8,000 in formal loans to another USD2,500 in informal loans. Without immediate intervention, the rate of poverty among these households could nearly double, pushing half of these households into severe deprivation.

At the same time, this crisis presents a unique opportunity. Returnees bring back skills, work discipline, and networks gained abroad. If properly harnessed, they can become the foundation for rural revitalisation, small and medium enterprises (SME) development, and Cambodia's structural transformation. The Programme of Intervention prepared by the Cambodia Development Resource Institute (CDRI) and the Economic Research Institute for ASEAN and East Asia (ERIA) proposes a

comprehensive roadmap combining short-term relief with medium-term strategies to ensure sustainable reintegration and growth.

Short-term priorities (0–12 months)

The most urgent task is to stabilise households, prevent poverty escalation, and rapidly connect returnees to livelihoods.

1. Rapid registration and data systems

The proposed Returnee Labour Database (RLD) will serve as the backbone of reintegration. By registering returnees through kiosks, mobile platforms such as Telegram and SMS, and referrals from non-governmental organisations (NGOs), the government can immediately capture information on skills, work history, and vulnerabilities.

2. Emergency income and debt relief

Rapid cash transfers through the IDPoor system are essential to prevent hunger and asset distress sales. At the same time, the expansion of National Social Security Fund (NSSF) health coverage to returnees for at least 12 months will cushion households from health shocks. Debt relief must also be enforced with Credit Guarantee Corporation of Cambodia (CGCC) guarantees to safeguard the financial sector.

3. Emergency jobs through public works

Nationwide labour-intensive programmes can absorb 200,000–300,000 returnees and locally unemployed. Projects include rural road rehabilitation, irrigation repair, reforestation, and school refurbishment. Gender quotas of 40

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This Policy Brief has been put together by CDRI and ERIA to create a roadmap based on discussions with representatives from 19 ministries and agencies to tie together existing government responses, needs expressed and ideas that could contribute to a positive solution to the current issues relating to the return of Cambodian workers.

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percent and transparent mobile payments will ensure fairness and inclusion.

4. Skills activation and job matching

Recognition of Prior Learning (RPL) can certify skills acquired abroad, while short-cycle training bootcamps can reskill returnees in agro-processing, logistics, and hospitality. Employer subsidies will further speed up placements.

5. Safe labour migration channels

Safe migration remains a pressure valve. Expanding agreements with Japan, Korea, Malaysia, and Gulf states will help sustain remittance inflows, with the RLD acting as a digital passport to reduce broker exploitation.

Medium-term priorities (1–3 years)

Beyond immediate relief, Cambodia must seize this opportunity to reshape its economy. The medium-term strategy focuses on agro-processing, entrepreneurship, industrial diversification, and essential services.

1. Agro-processing expansion

Investments in processing plants, cold-chain systems, and logistics hubs will create over 70,000 jobs. Cassava, cashew, mango, and rice processing can significantly increase value addition and export capacity.

2. SME and entrepreneurship development

The Returnee Enterprise Fund will provide grants paired with CGCC-backed loans to enable 50,000 micro-entrepreneurs to start businesses. Micro-MBA bootcamps will train 30,000 returnees in business skills, while procurement quotas will guarantee market access.

3. Industrial diversification and foreign direct investment (FDI) absorption

The influx of returnees provides a ready workforce for electronics, auto-parts, renewable energy, and logistics. With USD5.8 billion in new investments approved, Cambodia can place 100,000 workers into high-value industries by 2028.

4. Infrastructure and essential services

Housing, healthcare, and education systems in border provinces must be expanded. Affordable housing, upgraded hospitals, new schools, and digital labour dashboards will stabilise reintegration and improve services.

Strategic outcomes

If implemented, the Programme will protect vulnerable households, create hundreds of thousands of jobs, and support SME growth. Over three years, 70,000 agro-processing jobs, 50,000 new SMEs, and 100,000 industrial jobs can be created, boosting gross domestic product (GDP) by nearly 10 percent while ensuring resilience and social stability.

Call to action

The Government of Cambodia must act decisively. Four immediate steps are recommended:

1. Approve and fund short-term measures, such as RLD, emergency cash transfers, debt relief, and public works.
2. Mobilise private sector and development partners, business leaders, SMEs and FDI investors to establish co-financed initiatives.
3. Align the Programme of Intervention with current national strategies, including the Pentagonal Strategy Phase II and the 2023–2033 Logistics Master Plan, to ensure the short- and medium-term interventions can transition into long-term development goals.
4. Strengthen inter-ministerial coordination to ensure delivery and accountability.

Conclusion

Cambodia faces a defining moment. The mass return of migrant workers has created immense challenges, but also an unprecedented opportunity to reshape the economy. With swift and coordinated action, the government can turn a humanitarian crisis into a platform for inclusive growth, industrial transformation, and long-term resilience.