



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership
Cambodia

PCP ANNUAL REPORT

Cambodia



Reporting Period
2018



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership
Cambodia

© UNIDO 2019. All rights reserved.

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” or “developing” are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

PCP ANNUAL REPORT

Cambodia

Reporting Period
2018

PCP CAMBODIA – AT A GLANCE

Country	Cambodia
Status	Programming phase: started February 2018 Implementation phase: n/a Completion phase: n/a Expected completion date: n/a
Principle national policy/strategy supported by the PCP	Cambodia’s Industrial Development Policy 2015-2025
Focus sectors/areas	Sustainable tourism; agro-business/creative industry value chains; industrial diversification and special economic zone development
Main participating ministries	Ministry of Economy and Finance, Ministry of Industry and Handicraft, Ministry of Tourism , Ministry of Agriculture, Forestry and Fisheries, Ministry of Commerce, Ministry of Mines and Energy, Ministry of Environment), and Ministry of Labour and Vocational Training
Key development partners	European Union (Capfish), Republic of Korea (industrial policy), Global Environment Facility (TEST and readiness fund), Germany (gender), UNRC, Worldbridge (private sector)
UNIDO projects with funding secured ¹ (completed and ongoing)	Total number of projects: 4 (Annex 1) Total funding excl. psc.: US\$ 3,364,000
Total investments leveraged ² (cumulative)	US\$ n/a
Total PCP volume	US\$ 3,364,000

¹ **Funding secured:** The total budget (net of programme support costs) under signed agreements for UNIDO programmes and projects.

² **Funding leveraged:** Financial contributions allocated by public or private partners towards objectives pursued in a PCP. They are contributed partly as a result of UNIDO interventions within the framework of the PCP. Such resources are not channeled through UNIDO’s accounts and accordingly not under the Organization’s direct control.

CONTENTS

1. Executive summary	6
2. Introduction	6
3. Alignment with and contribution to UNDAF	7
4. Programme-level results	7
4.1. Coordination and governance	7
4.2. Partnerships and resource mobilization	7
4.3. Results of PCP advisory services	8
4.4. Technical cooperation (TC) results	8
4.4.1 TC results – PCP component 1: Sustainable tourism	8
4.4.2 TC results – PCP component 2: Development of competitive agro- and creative-industry value chains	9
4.4.3 TC results – PCP component 3: Industrial diversification	9
4.4.4 Overview of cross-cutting projects	9
5. Communication	10
6. Upcoming milestones and major results expected in 2019	11
Annex 1: PCP portfolio overview – UNIDO TC	12

1. EXECUTIVE SUMMARY

The year 2018 saw the initiation of the programming phase of the Programme for Country Partnership for Cambodia (PCP Cambodia) with several new projects developed and approved for funding. This includes a US\$ 1.7 million “low-carbon development project” funded by the Global Environment Facility (GEF) and a US\$ 1.2 million “industrial capacity-building project” funded by the Republic of Korea. The projects will address priorities identified in the PCP, particularly related to improving resource efficiency for the private sector and capacity-building for the government on issues related to industrial policy and the implantation of the national Industrial Development Policy (IDP) implementation. A fisheries focused capacity-building programme amounting to EUR 16 million was submitted to the European Union for approval, to be implemented by UNIDO. Additional proposals are under development in the areas of promoting clean technologies and developing a masterplan for a special economic zone (SEZ) in the Sihanoukville province. These projects are expected to be approved in 2019 and aim to start implementation later that year. Initial PCP Cambodia activities have contributed to increased stakeholder support and interest in partnering through the PCP, and additional requests from the government for UNIDO’s technical support.

2. INTRODUCTION

In April 2017, Director General LI Yong paid his first official visit to Cambodia to meet with Samdach Prime Minister Hun Sen and senior government officials to discuss strengthening collaboration in support inclusive and sustainable industrial development (ISID), including through a PCP. In June 2017, the UNIDO Executive Board approved the development of PCP Cambodia. A Joint Declaration on the PCP Cambodia was subsequently signed in November 2017 by the Director General, LI Yong, and Cham Prasidh, Senior Minister and Minister of Industry and Handicraft. Cambodia is the first PCP in the Asia and Pacific region and part of the pilot phase.

PCP Cambodia is aligned with and will contribute to the implementation of the national Industrial Development Policy (IDP) for the period 2015-2025. The IDP aims to transform and modernize Cambodia’s industrial structure from labour-intensive to skills-driven by 2025, and drive sustainable high economic growth through economic diversification, strengthened competitiveness and higher productivity.

Several rounds of stakeholder consultations were held with the government and other national stakeholders, including the private sector, as well as with international development partners. Three priority areas were identified for the PCP: (i) the development of sustainable tourism, with backward linkages to related agro- and creative-industry value chains; (ii) the development of competitive agro-industry and creative industry value chains; and (iii) industrial diversification, in particular through the development of SEZs.

These PCP priority areas will be supported by cross-cutting interventions in areas such as: industrial policy and business environment; skills development; quality infrastructure and related trade facilitation; innovation and technology transfer; e-commerce; access to finance; investment promotion; energy access and efficiency; resource efficiency and cleaner production; and environmental management and climate change.

A draft PCP programme document was developed and will serve as basis for further in-depth analysis, mapping of ongoing and planned activities by partners, and the identification of specific PCP projects/interventions. It will also allow for engagement with potential funding and investment partners. Several projects have already been approved for funding; additional projects are in the pipeline and/or under development (see section 4.2 on partnerships and resource mobilization).

3. ALIGNMENT WITH AND CONTRIBUTION TO UNDAF

The PCP is fully aligned with the United Nations Development Assistance Framework (UNDAF) for Cambodia (2019-2023) and contributes to three of its five outcomes, namely: outcome 2 on “Expanding economic opportunities”; outcome 3 on “Sustainable living”; and outcome 5 “Managing urbanization”. The UNDAF is still under preparation; it is expected to be finalized and signed in the first quarter of 2019.

4. PROGRAMME-LEVEL RESULTS

4.1 COORDINATION AND GOVERNANCE

The PCP Cambodia will be governed by a National Steering Committee (SC) set up by the Government of Cambodia. The SC will be led by the Ministry of Economy and Finance and the Council for the Development of Cambodia which is a ministry attached to the Prime Minister’s Office. The SC comprises other line ministries and UNIDO. The SC will designate a Secretariat which UNIDO will support.

4.2 PARTNERSHIPS AND RESOURCE MOBILIZATION

Project development and resource mobilization commenced as part of the PCP. The following projects were approved for funding: (i) a US\$ 1.2 million industrial capacity-building project funded by the Republic of Korea; and (ii) a project on the Transfer of Environmentally Sound Technologies (TEST) to improve resource efficiency for the private sector with US\$ 1.7 million funded by the GEF. In addition, a EUR 16 million Capfish programme for fisheries development was submitted to European Union for approval. Cambodia also benefits from a regional programme on gender issues entitled “Economic empowerment of women in green industry”, funded by the Government of Germany.

Several additional initiatives are underway. A project concept was developed to support the establishment of a multi-purpose SEZ for the Sihanoukville province (budget of US\$ 1.6 million). It was submitted to the China South-South Cooperation Assistance Fund with initial clearance obtained. Another project proposal was developed focused on industrial statistics to support industrial policy decisions, the monitoring of PCP contributions to the IDP as well as the IDP’s contributions towards the achievement of the Sustainable Development Goals (SDGs) (tentative budget US\$

500,000). Moreover, the government requested UNIDO's support for SEZ development, the update of the Cambodia Trade Integration Strategy, sustainable tourism, and statistics. In November 2018, Cambodia's Vice-Minister of Environment also visited UNIDO to meet with the PCP team and discuss the way forward for conceptualizing a potential contribution in GEF financing.

In August 2018, UNIDO exchanged a letter of cooperation with the Worldbridge Group on working together to promote the advancement of the SDGs, support the development of small and medium-sized enterprises (SMEs) in the agro-processing sector, and diversify manufacturing supply chains in Cambodia. This is the first collaboration with the local private sector within the framework of the PCP and seeks to bring an indicative amount of US\$ 5 million to develop SMEs in Cambodia. Building on this, an SME cluster development workshop was organized for stakeholders of the Ministry of Industry and Handicraft, the Ministry of Economy and Finance, and the Federation of Associations for Small and Medium Enterprises. The workshop was held in Phnom Penh in October 2018 and served to identify solutions for an SME cluster business plan, facilities and services, and to validate the cluster development proposal.

A partnership was established with the Shenzhen Foundation for International Exchange and Cooperation (SFIEC) and the China Center for Promotion of International Trade, focusing mainly on bringing their experience in SEZ development and investment promotion to Cambodia. Similarly, a partnership with the Shanghai Academy of Social Sciences was initiated to support SEZ development.

4.3 RESULTS OF PCP ADVISORY SERVICES

UNIDO's advisory services are supporting the government in designing the next phase of the Cambodia trade integration strategy (CTIS) covering the period 2019 to 2023. Field assessments were conducted and technical inputs provided on the following sections of the CTIS: quality infrastructure, e-commerce, light manufacturing and skills. This will further support the implementation of other socio-economic policy frameworks, including the new phase of the Rectangular Strategy and the National Strategic Development Plan for 2019-2023. Moreover, the new project on industrial policy capacity-building, funded by the Republic of Korea, is dedicated to capacity-building and policy advice.

4.4 TECHNICAL COOPERATION (TC) RESULTS

The PCP for Cambodia is still in its programming phase; therefore reporting on TC results is limited to initial activities.

4.4.1 TC RESULTS – PCP COMPONENT 1: SUSTAINABLE TOURISM

The Ministry of Tourism has requested UNIDO's support in tourism development, specifically looking at the linkages between the tourism industry and agro-value chains. A series of initial meetings have taken place.

4.4.2 TC RESULTS – PCP COMPONENT 2: DEVELOPMENT OF COMPETITIVE AGRO- AND CREATIVE-INDUSTRY VALUE CHAINS

The EUR 16 million Capfish project to be funded by the European Union will promote sustainable, climate resilient and inclusive development of Cambodia’s freshwater and marine fisheries; the programme is expected to start early 2019. A priority for 2019 will be to secure co-funding for the project.

ERP ID	Pipeline project / sub-programme title	Donor	Funding (US\$)
180039	Capfish capture fisheries programme: Support to the development of post-harvest fisheries	EU	US\$ 18.7 million
		Sub-total:	US\$ 18.7 million
Component total		US\$ 18.7 million	

4.4.3 TC RESULTS – PCP COMPONENT 3: INDUSTRIAL DIVERSIFICATION

The government has expressed interest in technical support for the development of an SME cluster strategy and transforming the Sihanoukville province into a multi-purpose SEZ. In August 2018, UNIDO received a request from the Ministry of Economy and Finance confirming the need for a comprehensive study. Specifically, the request called for the development of a masterplan, the legal and regulatory framework and other administrative arrangements which provide authority and jurisdiction for the mobilization of resources, expertise, investments and businesses to develop the province into an economic pole and an industrial, trade and tourist hub. The government’s vision is to transform Sihanoukville into a future ASEAN Green Industry and Metropolitan City. A project concept is being developed with a budget of US\$ 1.6 million.

ERP ID	Pipeline project / sub-programme title	Donor	Funding (US\$)
180100	Supporting Cambodia in the development of a masterplan for the multi-purpose special economic zone of Sihanoukville province	SSCAF	US\$ 1.6 million
Component total		US\$ 1.6 million	

4.4.4 OVERVIEW OF CROSS-CUTTING PROJECTS

There are several ongoing cross-cutting projects: the industrial policy capacity-building project funded by the Republic of Korea, the GEF-funded project on resource efficiency (TEST), and a regional project on women’s empowerment which includes Cambodia.

The Ministry of Commerce requested UNIDO’s support to update the CTIS (see section 4.3 on PCP advisory services). The main goal of the update is to develop an up-to-date integration strategy that can be mainstreamed through the government’s new Rectangular Strategy IV and Vision 2030, and serve as basis for the design of the new National Strategic Development Plan (2019-2023). Specifically, UNIDO is expected to contribute to sections related to quality infrastructure, e-commerce, light manufacturing and skills.

Furthermore, UNIDO received a request from the Ministry of Planning for technical support related to an industrial statistics survey in terms of capacity-building and statistical analysis. The survey is the first ever comprehensive firm-level survey of a representative sample of the private sector. UNIDO will support the establishment of a monitoring framework on the contributions of the PCP to the IDP and IDP’s contributions to the SDGs. A project concept was approved for further development in 2019.

ERP ID	Ongoing project	Donor	Funding (US\$)	
180062	Industrial policy, institutional capacity-building and industrial competitiveness enhancement	ROK	US\$ 1.2 million	
150275	Low-carbon development for productivity and climate change mitigation through the Transfer of Environmentally Sound Technology (TEST) methodology	GEF	US\$ 1.7 million	
170065	Economic empowerment of women in green industry (global programme covering four countries, totaling US\$ 1.1 million)	Germany	US\$ 314,000	
Cross-cutting total		US\$ 3,214,000		

5. COMMUNICATION

Cambodia’s Ambassador and Permanent Representative to the World Trade Organization, Bunthon Thay, participated in the advanced session of the Seventh ISID Forum which focused on the PCP and provided Member States with an opportunity to engage in a dialogue with government representatives of PCP countries. He presented PCP Cambodia’s experience to date as well as vision for the future, and reiterated the government’s strong commitment to the PCP. The event was held in Vienna on the sidelines of the forty-sixth session of the Organization’s Industrial Development Board.



Photo: Cambodia’s Ambassador and Permanent Representative to the World Trade Organization, Bunthon Thay (second from the right) with DG Li and other panelists at the advanced session of the 7th ISID Forum.

Promotional activities have been limited due to the early stage of the PCP. Activities already launched have been well promoted through local media (press releases). The Ministry of Foreign Affairs has also promoted the programme through social media, namely Facebook. Updates on PCP Cambodia were also featured in the UNIDO ISID Newsletter. A PCP Cambodia webpage was established on the UNIDO website and a draft communication strategy was developed. A Communications Officer is expected to be recruited during the implementation phase to further support promotional activities.

6. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2019

The priorities of the PCP will be addressed through a number of projects already under development. This includes the European Union-funded fisheries value chain development programme for 2019-2023, with an estimated budget of EUR 16 million. In 2019, additional technical interventions will be defined within the three priority areas to finalize the programming phase.

UNIDO will explore expanding cooperation with national counterparts to further strengthen local capacities for e-commerce development, namely with the Ministry of Post and Telecommunications and the Ministry of Economy and Finance.

Similarly, the PCP will continue to facilitate the sharing of international expertise and experiences to support the development of SEZs in Cambodia, in particular for a masterplan to develop Sihanoukville province into a multi-purpose SEZ based on global best practices.

Other cross-cutting priorities will include supporting skills development in new industries and promoting the mobilization of investments in priority sectors by leveraging UNIDO's international networks.

ANNEX 1: PCP PORTFOLIO OVERVIEW – UNIDO TC

ERP ID	PCP component # or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
150275	Cross-cutting: resource efficiency	Low-carbon development for productivity and climate change mitigation through the Transfer of Environmentally Sound Technology (TEST) methodology	GEF	US\$ 1.7 million
180062	Cross-cutting: industrial policy	Industrial policy, institutional capacity-building and industrial competitiveness enhancement	ROK	US\$ 1.2 million
170065	Cross-cutting: gender	Economic empowerment of women in green industry (global programme totaling US\$ 1.1 million)	Germany/BMZ	US\$ 314,000
170241	PCP coordination	Programme for Country Partnership for Cambodia	Partnership Trust Fund - China	US\$ 150,000
			Sub-total:	US\$ 3,364,000

ERP ID	PCP component # or cross-cutting area	Pipeline project / sub-programme title	Donor	Funding (US\$)
180029	Cross-cutting: industrial policy	Monitor industry-related statistics (PCP related interventions), their contribution to Cambodia's Industrial Development Policy (IDP), and IDP's contribution to SDG achievement	PTF	US\$ 0.5 million
180039	Agro-value chain development	Capfish capture fisheries programme : Support to the development of post-harvest fisheries	EU	US\$ 18.7 million
180100	Industrial diversification	Supporting Cambodia for the development of a masterplan for the multi-purpose special economic zone of Sihanoukville province	SSCAF	US\$ 1.6 million
			Sub-total:	US\$ 20.8 million
PCP total			US\$ 24,164,000	

Programme Manager:

Steffen Kaeser
s.kaeser@unido.org

For more information, please visit:

<https://www.unido.org/programme-country-partnership/cambodia>



**Programme for Country Partnership
Cambodia**



**UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION**

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Telephone: (+43-1) 26026-0 • Email: unido@unido.org
Internet: www.unido.org