



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country
Partnership **Cambodia**

Cambodia

Programme for Country Partnership

PCP Annual Report **2019**

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PCP CAMBODIA AT A GLANCE



STATUS	Programming phase: initiated in 2017 – ongoing Implementation phase: to commence in 2020
MAIN NATIONAL POLICY/STRATEGY SUPPORTED BY THE PCP	Cambodia's Industrial Development Policy 2015-2025
FOCUS SECTORS/AREAS	<ul style="list-style-type: none"> • Sustainable tourism • Agro-industry and creative industry value chains • Industrial diversification and special economic zone development
MAIN PARTICIPATING MINISTRIES	Ministry of Economy and Finance Council for Development of Cambodia Ministry of Industry, Science, Technology and Innovation Ministry of Commerce Ministry of Labor and Vocational Training Ministry of Land Management, Urban Planning and Construction Ministry of Tourism Ministry of Post and Telecommunication Ministry of Agriculture, Forestry and Fishery Ministry of Environment Ministry of Mines and Energy
KEY DEVELOPMENT PARTNERS	Bilateral/multilateral development partners: China, European Union, Global Environment Facility, Global Climate Fund, Republic of Korea, Germany, Switzerland United Nations Country Team Business sector: WorldBridge Group
UNIDO PROJECTS WITH FUNDING SECURED¹ (COMPLETED AND ONGOING)	Total number of projects: 7 Total funding excl. psc. in US\$: 21.05 million (see <i>Annex 1</i>)
TOTAL INVESTMENTS LEVERAGED² (CUMULATIVE UNTIL 2019)	US\$ 22.21 million (see <i>Annex 2</i>)
TOTAL PCP VOLUME³	US\$ 44.26 million

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.

³ **Total PCP volume:** UNIDO's portfolio with funding secured plus investments leveraged.

1. EXECUTIVE SUMMARY

The Programme for Country Partnership (PCP) for Cambodia is in the final stage of the programming phase. A revision of the draft PCP Cambodia programme document was initiated in 2019, which will also entail a refinement of the priority areas of the PCP.

Several projects are already in implementation supporting the initially identified priority areas and cross-cutting interventions. Over \$20 million was mobilized for UNIDO technical projects within the PCP, in particular for industrial policy support, industrial statistics, the fisheries value chain, the development of SEZs, and the promotion of clean technologies. Additional projects are in development.

Partnerships and resource mobilization: A partner briefing, led by Cambodia's Under State Secretary of the Ministry of Economy and Finance and the Secretary-General of the high-level Economic and Financial Policy Committee, was organized at UNIDO's headquarters in Vienna in September 2019. The briefing provided an update on PCP progress and discussed new collaboration opportunities. In addition to ongoing partnerships with China, the EU, Germany and the Republic of Korea, interests in cooperating through the PCP were expressed by Japan, Norway and Switzerland in areas such as skills development, investment promotion, technology transfer, and SEZ development.

New partnerships were initiated with the General Administration of Customs of the People's Republic of China (GACC) and the China State Administration for Market Regulation to support Cambodia in meeting international standards for the export of agro-products. The Ministry of Agriculture, Forestry and Fisheries, GACC and UNIDO signed a joint declaration in June 2019, which led to the establishment of a tripartite technical working group on export-related compliance issues.

Building on its long-standing experience in the development of SEZs, the Urban Planning and Design Institute of Shenzhen (UPDIS) of China is supporting Cambodia in the development a master plan for a multi-purpose SEZ in the province of Sihanoukville. The Government has committed over \$3 million in national funds towards this endeavour and is working with UNIDO to mobilize the resources for this master plan.

Highlights of technical assistance and policy advisory services: As part of the PCP priority area on agro-industry value chains, a large-scale fisheries programme was launched in 2019. UNIDO will support the Government in developing the fishery sector through a €16 million five-year programme funded by the EU (CAPFish). The new programme focuses on strengthening national control systems, increasing the capacities of the private sector to comply with international standards and market requirements, and enhancing overall business competitiveness. Industrial diversification, in particular through SEZs, is being supported through the partnership with the UPDIS of China. UPDIS conducted a preliminary study to develop the masterplan concept, which the Government subsequently approved. Other cross-cutting activities include skills development, the promotion of clean technologies, investment promotion activities, and ongoing industrial policy advice.

UNIDO's policy advice and technical expertise supported the Government in designing the next phase of Cambodia's Trade Integration Strategy covering the period 2019 to 2023, with a particular focus on quality infrastructure and conformity assessment services, skills development and e-commerce. PCP Cambodia is also supporting the Government in enhancing national capacities for policy design, monitoring and evaluation. This is being done through a capacity-building project of \$1.2 million funded by the Republic of Korea. A complementary project, funded by China, is helping to develop industrial statistics and monitor the PCP's contribution to the implementation of the IDP and progress towards the Sustainable Development Goals (SDGs).

Priorities in 2020 include the operationalization of the PCP's national coordination body, the finalization and signing of the PCP Cambodia programme document, and the subsequent start of the implementation phase. Advancing the development of the master plan for the Sihanoukville province will be among the prioritized large-scale interventions of the PCP.

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 of 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 labor-intensive to skills-driven by 2025, and drive sustainable high economic growth.

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 initially 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 special economic zones (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 revision of the draft PCP Cambodia programme document was initiated in 2019, which will also entail a refinement of the priority areas of the PCP.

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 on "Managing urbanization".

4. PROGRAMME-LEVEL RESULTS

4.1. COORDINATION AND GOVERNANCE

The PCP Cambodia will be governed by a National Coordination Body (NCB) set up by the Government of Cambodia. The NCB will include relevant line ministries and its composition is subject to the approval of the Prime Minister. The NCB is expected to be led by the Ministry of Economy and Finance or the Council for the Development of Cambodia, which is a ministry attached to the Prime Minister's Office. UNIDO will be a member of the NCB and will provide support to the NCB's secretariat. The terms of reference of the NCB are being developed by UNIDO and will be submitted to the Government for approval in early 2020, together with the revised PCP Cambodia programme document.

4.2. PARTNERSHIPS AND RESOURCE MOBILIZATION

New partnerships were initiated with the General Administration of Customs of the People's Republic of China (GACC) and the China State Administration for Market Regulation to support Cambodia in meeting international standards for the export of agro-products. The Ministry of Agriculture, Forestry and Fisheries, GACC and UNIDO signed a joint declaration in June 2019, which led to the establishment of a tripartite technical working group on export-related compliance issues.

Building on its long-standing experience in the development of SEZs, the Urban Planning and Design Institute of Shenzhen (UPDIS) of China is supporting Cambodia in the development a master plan for a multi-purpose SEZ in the province of Si-hanoukville. The Government has committed over \$3 million in national funds towards this endeavour and is working with UNIDO to mobilize the resources for this master plan.

A partner briefing, led by Cambodia's Under State Secretary of the Ministry of Economy and Finance and the Secretary-General of the high-level Economic and Financial Policy Committee, was organized at UNIDO's headquarters in Vienna in September 2019. The briefing provided an update on PCP progress and discussed new collaboration opportunities. In addition to ongoing partnerships with China, the EU, Germany and the Republic of Korea, interests in cooperating through the PCP were expressed by Japan, Norway and Switzerland in areas such as skills development, investment promotion, technology transfer, and SEZ development.

Over \$20 million was mobilized for UNIDO technical projects within the PCP, in particular for industrial policy support, industrial statistics, the fisheries value chain, the development of SEZs, and the promotion of clean technologies. Additional projects are in the pipeline.

4.3. RESULTS OF PCP ADVISORY SERVICES

UNIDO's policy advice and technical expertise supported the Government in updating Cambodia's Trade Integration Strategy covering the period 2019 to 2023, with a particular focus on quality infrastructure and conformity assessment services, skills development and e-commerce. PCP Cambodia is also supporting the Government in enhancing national capacities for policy design, monitoring and evaluation. This is being done through a capacity-building project of \$1.2 million funded by the Republic of Korea, which will also contribute to the mid-term review of Cambodia's Industrial Development Policy scheduled for 2020. A complementary project, funded by China, is helping to develop industrial statistics and monitor the PCP's contribution to the implementation of the IDP and progress towards the Sustainable Development Goals.

4.4. TECHNICAL COOPERATION RESULTS

Several projects are already in implementation supporting the priority areas and cross-cutting activities, with new projects in development.

4.4.1 PCP COMPONENT 1: SUSTAINABLE TOURISM

A new Switzerland-funded project will support youth employment in Cambodia, including in the tourism sector. The project entitled "Decent employment for youth in Cambodia" is expected to commence in 2020, as a joint initiative between several UN entities. UNIDO will implement US\$ 663,400 of the total US\$ 8.42 million project, with a focus on skills development and job creation in the tourism industry.

ERP ID	Pipeline project / sub-programme title	Donor	Funding (US\$)
	Decent Employment for Youth in Cambodia (2020-2023)	Switzerland	663,400

4.4.2 PCP COMPONENT 2: AGRO-INDUSTRY AND CREATIVE INDUSTRY VALUE CHAINS

A large-scale fisheries programme was launched in 2019. UNIDO will support the Government in developing the fishery sector through a €16 million five-year programme funded by the EU (CAPFish). The new programme focuses on strengthening national control systems, increasing the capacities of the private sector to comply with international standards and market requirements, and enhancing overall business competitiveness.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
180039	CapFish Capture: Cambodia Programme for Sustainable and Inclusive Growth in the Fisheries Sector (2019-2024)	EU	17,200,000

4.4.3 PCP COMPONENT 3: INDUSTRIAL DIVERSIFICATION AND SEZs

Transforming the Sihanoukville province into a model multi-purpose SEZ is one of the priorities of the government’s Industrial Development Policy 2015-2025. The UPDIS of China conducted a preliminary study to develop the masterplan concept, which the Government of Cambodia subsequently approved. The UNIDO project concept for this masterplan is under funding consideration by the China South-South Cooperation and Assistance Fund (SSCAF) in the amount of US\$ 1.7 million. The Government of Cambodia has committed US\$ 3.4 million in national funding towards this initiative.

Under the Global Cleantech Innovation Programme, US\$ 1.6 million was mobilized by the Government for endorsement from the Global Environment Facility (GEF), with the goal of accelerating clean-tech innovation and entrepreneurship in start-ups and small and medium-sized enterprises (SMEs) in Cambodia. The local programme will also support the Techo Centre established by Ministry of Economy and Finance, which will provide clean tech start-up support to various sectors.

ERP ID	Pipeline project / sub-programme title	Donor	Funding (US\$)
	Supporting Cambodia for the Development of a Masterplan for the Multi-purpose Special Economic Zone of Sihanoukville province	China SSCAF	1,700,000
	Global Cleantech Innovation Programme: Accelerating cleantech innovation and entrepreneurship in start-ups and SMEs in Cambodia	GEF	1,600,000
	Technology needs assessment and action plans to support climate-friendly technology implementation for Cambodia’s special economic zones in the Sihanoukville province	GCF Readiness assistance	238,049
		Sub-total:	3.53 million

4.4.4 OVERVIEW OF CROSS-CUTTING PROJECTS

The PCP has several ongoing projects addressing cross-cutting areas such as: capacity-building for industrial policymaking, industrial statistics, environmental sustainability and climate change mitigation, and women’s economic empowerment.

In 2019, the institutional capacity-building project funded by the Republic of Korea supported trainings for all 20 implementing agencies of Cambodia’s Industrial Development Policy, in view of the policy’s mid-term review planned for 2020. Another UNIDO project, funded by PTF-China, supports capacity-building in the area of industrial statistics.

Two ongoing cross-cutting projects are funded by the GEF under PCP Cambodia:

- The project “Low carbon development for productivity and climate change mitigation through the transfer of environmentally sound technology (TEST) methodology” aims to reduce industry’s effects on climate change. The project introduces systematic and holistic approaches in TEST methodology, which combine well-known and proven resource efficiency tools in RECP methodology and management systems, such as Material Flow Cost Accounting and the Environmental Management System, to ensure continuous improvements towards sustainable industrial development. The estimated funds leveraged under this project amount to US\$ 12.1 million.
- The project “Reduction of GHG emissions through the promotion of investments in biogas mini-grids” promotes the usage of biogas technologies for electricity generation in commercial animal farms by converting the methane emitted from animal waste into energy for productive uses. The project aims to address key barriers that currently limit the deployment of biogas technology, while simultaneously resulting in a reduction of GHG emissions. The estimated funds leveraged under this project amount to US\$ 12.5 million.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
120118	Reduction of GHG Emissions Through Promotion of Investments in Biogas Mini-Grids	GEF	1,500,000
150275	Low carbon development for productivity and climate change mitigation through the Transfer of Environment Sound Technology (TEST) methodology (2017-2021)	GEF	1,824,726
170065	Economic empowerment of women in green industry (global programme totaling US\$ 1.1 million for four participating countries, including Cambodia, Peru, Senegal, and South Africa)	BMZ Germany	250,000
180062	Support to the Royal Government of Cambodia in its effective implementation of major development strategy and policy through institutional capacity-building (2019-2021)	Republic of Korea	1,200,000
180331	Supporting industrial policy decisions and the monitoring of industry's contribution to SDG achievement through the enhancement of industrial statistics in the Kingdom of Cambodia	PTF -China	339,000
		Sub-total:	5.1 million

5. COMMUNICATION

Activities already launched have been well promoted through local media (press releases) and the Ministry of Foreign Affairs has 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 2020

In order to make the delivery of UNIDO services more efficient and align to new Government priorities, the PCP will be refocused into two main components: (i) Agro value chain development, including linkages to the tourism sector; and (ii) Industrial diversification, innovation and the development of special economic zones.

The major expected results are the UNIDO Executive Board's approval on the PCP Cambodia programme document and the operationalization of the NCB, thereby officially starting the PCP implementation phase in 2020. The Government's endorsement on the PCP programme document and the NCB's Terms of Reference is expected by mid-2020, subject to COVID-19 related exigencies. The first NCB meeting is expected to take place subsequently.

In terms of technical cooperation, four new projects are expected to be officially launched in the areas of: (i) Skills development; (ii) Development of an SEZ masterplan for the Sihanoukville province; (iii) Global cleantech innovation programme; and (iv) Environment friendly technology needs assessment.

Resource mobilization remains at the core of PCP Cambodia. UNIDO will explore partnerships with key international financial institutions (e.g. Asian Infrastructure Investment Bank (AIIB), Asian Development Bank, World Bank) and donors (e.g. EU, SDC, Japan, and Australia). In particular, ongoing discussions on the AIIB Project Preparation Special Fund for developing feasibility studies (especially for SEZ development) will be instrumental for further cooperation with the AIIB itself as well as with other partners.

7. ANNEX 1: PCP PORTFOLIO OVERVIEW – UNIDO TC

ERP ID	PCP component # or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
170241	PCP programming and coordination	Cambodia Programme for Country Partnership: Towards a sustainable, skill-based and export-oriented economy	PTF-China	169,000
120118	Cross-cutting - Environmental sustainability and climate change mitigation	Reduction of GHG Emissions Through Promotion of Investments in Biogas Mini-Grids	GEF	1,500,000
150275	Cross-cutting - Environmental sustainability and climate change mitigation	Low carbon development for productivity and climate change mitigation through the Transfer of Environment Sound Technology (TEST) methodology (2017-2021)	GEF	1,824,726
180062	Cross-cutting - Capacity-building for industrial policymaking	Support to the Royal Government of Cambodia in its effective implementation of major development strategy and policy through institutional capacity building (2019-2021)	ROK	1,200,000
180039	PCP component #2 - Agro-industry and creative industry value chains	CapFish Capture: Cambodia Programme for Sustainable and Inclusive Growth in the Fisheries Sector Cambodia (2019-2024)	EU	17,200,000
170065	Cross-cutting - Women's economic empowerment	Economic empowerment of women in green industry (EEWiGI - a global programme totaling US\$ 1.1 million for four participating countries, including Cambodia, Peru, Senegal, and South Africa)	BMZ Germany	250,000
180331	Cross-cutting- Industrial statistics	Supporting the enhancement of industrial statistics in the Kingdom of Cambodia	PTF-China	339,000

Sub-total: 22.48 million (21.05 million exc. psc.)

ERP ID	PCP component # or cross-cutting area	Pipeline project / sub-programme title	Donor	Funding (US\$)
	PCP component #3 - Industrial diversification and SEZs	Supporting Cambodia for the Development of a Masterplan for the Multi-purpose Special Economic Zone of Sihanoukville province	China SSCAF	1,700,000
	PCP component #3 - Industrial diversification and SEZs	Global Cleantech Innovation Programme: Accelerating cleantech innovation and entrepreneurship in start-ups and SMEs in Cambodia	GEF	1,600,000

	PCP component #3 - Industrial diversification and SEZs	Technology needs assessment and action plans to support climate-friendly technology implementation for Cambodia's special economic zones in the Sihanoukville province	GCF Readiness assistance	238,049
	PCP component #1 - Sustainable tourism	Decent Employment for Youth in Cambodia (DEY) (2020-2023)	Switzerland	663,400
			Sub-total:	4.20 million
PCP total			US\$ 26.68 million	

8. ANNEX 2: INVESTMENTS LEVERAGED BY THE PCP, INCLUDING FORECAST FOR 2020

Partner	Component	Nature of funding	Allocation/Investment (USD)		
			Up to 2019 <i>(cumulative)</i>	2020	Total
Government of Cambodia	PCP component #3: Industrial diversification and SEZs	Cash and in-kind		3.4 million	3.4 million
WorldBridge Group	PCP component #3: Industrial diversification and SEZs	Private investment		5 million	5 million
Private partners	Cross-cutting: Environmental sustainability and climate change mitigation	Private investment		1.3 million	1.3 million
Government of Cambodia	Cross cutting: Environmental sustainability and climate change mitigation (co-funding for a GEF project)	In-kind	160,000		9.85 million
Overseas Environmental Cooperation Center (OECC – Japan)		In-kind	340,485		
Garment Manufacturers' Association in Cambodia; Federation of Associations of SMEs of Cambodia; Garment sourcing companies; Special Economic Zones; Manufacturing companies.		Private investment	9,354,515		

Government of Cambodia	Cross-cutting: Environmental sustainability and climate change mitigation (co-funding for a GEF project)	In-kind	115,200		12.35 million
Foreign Trade Bank		In-kind	256,000		
Foreign Trade Bank		Soft Loan	10,000,000		
BVB Investment Corp		Private investment	677,286		
Selected pig farms		Private investment	1.305.779		
Total			22.21 million	9.7 million	31.9 million

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