



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country  
Partnership **Cambodia**



# CAMBODIA

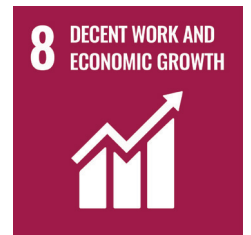
PROGRAMME FOR  
COUNTRY PARTNERSHIP (PCP)

ANNUAL REPORT 2021





# SUSTAINABLE DEVELOPMENT GOALS






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# THE PCP AT A GLANCE

	<b>COUNTRY</b>	<b>CAMBODIA</b>
	<b>STATUS</b>	<ul style="list-style-type: none"><li>• Date of approval of the development of the PCP by the UNIDO Executive Board: June 2017</li><li>• Programming: June 2017 – December 2020</li><li>• <b>Implementation: December 2020 – ongoing</b></li><li>• Expected completion date: December 2023</li></ul>
	<b>PRINCIPAL NATIONAL POLICY/STRATEGY SUPPORTED BY THE PCP</b>	<ul style="list-style-type: none"><li>• Cambodia's Industrial Development Policy 2015-2025</li></ul>
	<b>FOCUS SECTORS/ AREAS</b>	<ol style="list-style-type: none"><li>1. <b>Agro-value chain development, including linkages to the tourism sector.</b></li><li>2. <b>Industrial diversification, innovation and development of special economic zones.</b></li></ol> <p>Cross-cutting components:</p> <ul style="list-style-type: none"><li>• Industrial policy and statistics</li><li>• Quality infrastructure</li><li>• Sustainable energy</li><li>• Circular economy</li><li>• Women's empowerment and youth employment.</li></ul>
	<b>MAIN PARTICIPATING MINISTRIES</b>	<ul style="list-style-type: none"><li>• Ministry of Economy and Finance (MEF), Council for the Development of Cambodia (CDC), Ministry of Industry, Science, Technology and Innovation (MISTI), Ministry of Tourism (MoT), Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Commerce (MoC), Ministry of Mines and Energy (MME), Ministry of Environment (MoE) and Ministry of Labour and Vocational Training (MLVT), Ministry of Women's Affairs (MoWA)</li></ul>



<p><b>KEY DEVELOPMENT PARTNERS</b></p>	<ul style="list-style-type: none"> <li>• <b>Financial institutions:</b> Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), World Bank (WB). National financial institution: Post Bank</li> <li>• <b>Bilateral/multilateral partners:</b> China (statistics), European Union (fisheries development), Global Environment Facility (GEF) (sustainable energy and circular economy), Germany (women empowerment), Republic of Korea (Industrial policy), Switzerland (Youth employment and recovery of SMEs), Green Climate Fund (GCF) - Readiness Fund</li> <li>• <b>UN entities:</b> UN Country Team (SDG monitoring), Food and Agriculture Organization (fisheries development), UN Women (regional women empowerment), International Labour Organization (industry 4.0 assessment in garment sector), United Nations Educational, Scientific and Cultural Organization, United Nations International Children's Emergency Fund (youth employment)</li> <li>• <b>UN entities:</b> UNCT (SDG monitoring), FAO (CAPFish), UN Women (regional women empowerment), ILO (youth employment)</li> <li>• <b>Business sector:</b> WorldBridge Group, business federations and associations, Ggear Group</li> </ul>
<p><b>UNIDO PROJECTS WITH FUNDING SECURED<sup>1</sup></b> (COMPLETED AND ONGOING)</p>	<ul style="list-style-type: none"> <li>• Total number of projects: 13</li> <li>• Total funding: \$24,078,009</li> <li>• Total expenditures to end of current reporting period: \$8,328,842</li> <li>• Expenditures for 2021: \$2,868,435</li> <li>• Total balance available: \$21,201,331</li> </ul>
<p><b>TOTAL INVESTMENTS LEVERAGED<sup>2</sup></b> (CUMULATIVE)</p>	<p>\$29,292,163</p>
<p><b>TOTAL PCP VOLUME</b></p>	<p>\$53,370,172</p>

<sup>1</sup> **Funding secured:** The total budget (net, i.e. excluding programme support costs) under signed agreements for UNIDO programmes and projects, indicated in US\$ amounts.

<sup>2</sup> **Funding leveraged:** These include public or private resources, in cash or in-kind, allocated by public or private partners towards the objectives of the PCP. They are contributed partly as a result of UNIDO interventions within the framework of the PCP, and based on a verbal or written commitment. Such resources are not channeled through UNIDO's accounts and accordingly not under the Organization's direct control.

# 1. Executive summary

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The PCP for Cambodia entered the implementation phase in December 2020, following the official signing of the PCP Programme Document by the Government of Cambodia, represented by the Senior Minister of Industry, Science, Technology and Innovation (MISTI), and the UNIDO Director General. A signing ceremony was held on 10 December 2020, which was witnessed by senior government representatives from all relevant ministries and high-level representatives of international development partners, including the UN Resident Coordinator, the European Union Ambassador to Cambodia and the Director of Cooperation of the Swiss Agency for Development and Cooperation (SDC).

At the wider coordination level, the key milestone in 2021 was the operationalization of the PCP's national coordination body (NCB). During the signing ceremony of the PCP Programme Document, MISTI – as the key counterpart in the Royal Government of Cambodia (RGC) – highlighted its commitment to ensuring coordination among the relevant line ministries and bodies invited to the NCB, to lead partner and resource mobilization in order to scale up interventions in priority areas.

In addition, the NCB paved the way for the establishment of the Partnership and Donor Working Group (PDWG). PDWG is co-chaired by senior officials from the Council for Development of Cambodia, the Ministry of Economy and Finance and the Ministry of Industry, Science, Technology and Innovation, supported by three vice-chairmen (each one represents the technical general department of MISTI, the Cambodia Chamber of Commerce and the Ministry of Foreign Affairs and International Cooperation). The PDWG convened its first meeting on 16 September 2021 under the leadership of the Senior Minister of MISTI, and it gathered more than 100 government representatives, UN Resident Coordinator's office, business associations and donors, notably: EU, Australia, China, Japan, Germany, France, European Chamber of Commerce (Eurocham), Asia Infrastructure Investment Bank (AIIB), Asia Development Bank (ADB) and the Cambodia Chamber of Commerce (CCC).

Several projects are already in implementation supporting the identified priority areas and cross-cutting interventions. Over \$23 million has been mobilized to date 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 under development, especially exploring chances to partner with international financial institutions and multilateral banks.

Priorities in 2022 in terms of PCP flagship initiatives include advancing the development of the master plan for the Sihanoukville province. As a sign of the Government of Cambodia's continuous reliance on UNIDO's support, the Ministry of Economy and Finance formally requested the organization to support Sihanoukville SEZ (a model multi-purpose SEZ) by coordinating various ministries' efforts, by sharing good SEZ practices from abroad and by helping in attracting investing and mobilizing additional resources. To this end, UNIDO is currently engaging with the Asian Infrastructure Investment Bank to jointly mobilize expertise to support the government and its implementation partner – the Urban Planning and Design Institute of Shenzhen (UPDIS).

Another priority will be launching the GEF-funded cleantech innovation programme, which is in the final stages of approval, and the intense implementation of SDC-funded Agro-Food and Tourism Enterprise Recovery Programme (AFTER) Programme. In parallel, opportunities for launching new initiatives related to food safety and agro-industry in partnership with WB and ADB; for bamboo and rattan value chains development, for mainstreaming 4IR and boosting the competitiveness of the garment, footwear and textiles sectors are being explored and discussed with the key Government counterparts. Furthermore, in line with the ongoing UN development system reform, UNIDO is strengthening the alignment of its activities with the current UNDAF and efforts are in place to mainstream ISID – through the PCP model – into the upcoming new cycle of the UN Sustainable Development Cooperation Framework.



## 2. Introduction

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In April 2017, Director General LI Yong paid his first official visit to Cambodia to meet with H.E. Samdech Prime Minister Hun Sen and senior government officials to discuss strengthening collaboration in support of inclusive and sustainable industrial development in Cambodia, by upscaling the Cambodia country programme into a full-fledged Programme for Country Partnership (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 H.E. Cham Prasidh, Senior Minister and Minister of Industry and Handicraft (later MISTI).

Cambodia is the first PCP in the Asia and Pacific region and it is part of the PCP pilot phase. The PCP is UNIDO's flagship programme to support countries in achieving their long-term ISID goals. It is founded on a multi-stakeholder partnership to ensure synergy between different interventions and maximize impact. PCP interventions aim to unlock public and private investment in selected priority industrial sectors and areas. The PCP delivers an integrated service package by combining UNIDO's advisory and normative services, technical assistance and convening function. Each PCP is tailored to country needs, aligned with the national development agenda and owned by the host government.

PCP Cambodia is aligned with and contributes 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 contribute to sustainable economic growth through increased economic diversification, competitiveness and productivity.

After in-depth consultation with various national stakeholders, private sector and development partners, the PCP for Cambodia was developed consisting of two main priority areas: (i) agro value chains development linking to tourism; and (ii) industrial diversification, in particular through the development of special economic zones (SEZs) and innovation.

These PCP priority areas are supported by cross-cutting interventions in areas such as industrial policy and statistics, quality infrastructure, sustainable energy, the circular economy, as well as women's empowerment and youth employment, so to ensure a comprehensive approach that addresses the needs of stakeholders and vulnerable groups.

## 3. Alignment with and contribution to UNSDCF

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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".

In particular, UNIDO partnered with other UN agencies active in the country, developing and launching a joint project to support youth employment (with UNICEF, UNESCO and ILO), which is currently ongoing, and for a joint assessment of Industry 4.0 potential in the garments and footwear sector (with ILO), which will serve as a basis for the development of a comprehensive initiative in this key manufacturing area for the country.

Moreover, UNIDO continues to promote ISID in the UNCT's COVID-19 response activities. Notably, in 2021, the second round of a UNIDO survey on the impacts of COVID-19 on manufacturing firms was conducted (see 4.3).

## 4. Programme-level results

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### 4.1 COORDINATION AND GOVERNANCE

The PCP Cambodia is governed by a National Coordination Body (NCB) set up by the Royal Government of Cambodia (RGC), mandated by the Prime Minister. As per the NCB's ToR approved by the RGC in December 2020, the NCB brings together all main stakeholders for industrial and economic development (public and private sector) to guarantee inter-ministerial coordination at national level. The Senior Minister of Industry, Science, Technology and Innovation (MISTI) is the chair of the NCB, as the main Government counterpart in the implementation of the PCP Cambodia. The NCB's chair has three Deputies: a Secretary of State of the Ministry of Industry, Science, Technology and Innovation, a representative of the Ministry of Economy and Finance ranked Secretary of State, and a representative of the Council of the Development of Cambodia ranked Secretary of State.

Overall, the NCB guides PCP implementation, coordination and partner resource mobilization, including by:

- Providing strategic direction, including project prioritization, and monitoring the effective implementation of the programme.
- Ensuring that the PCP contributes to national policies and growth targets, and to the implementation of the national industrial and economic development agenda.
- Regularly informing and updating stakeholders on the progress of the PCP Cambodia.
- Ensuring coordination between the various PCP stakeholders and identifying potential sources of funding.

The NCB is composed of representatives of relevant ministries ranked Secretary of State, as well as of high-level representatives of public institutions and associations engaging the private sector in the promotion and implementation of initiatives for industrial development.

The first National Coordination Body meeting convened virtually on 12 May 2021 due to the continued COVID-19 pandemic. The meeting was chaired by the Senior Minister of MISTI and gathered more than fifty representatives from Cambodian Ministries and key Government institutions, expressing appreciation for the progress achieved under the PCP. The NCB meeting was an occasion to formally establish the coordination body and to update stakeholders about the status of the Programme. In addition, the Government representatives and UNIDO discussed the way forward, agreeing to jointly explore further funding opportunities with IFIs, notably in the field of agro value chains and COVID-19 economic recovery.

In addition, the NCB paved the way for the establishment of the Partnership and Donor Working Group (PDWG). PDWG is co-chaired by senior officials from the Council for Development of Cambodia, and the Ministry of Industry, Science, Technology and Innovation, supported by four vice-chairmen (each one represents the Ministry of Economy and Finance, the Ministry of Industry, Science, Technology and Innovation, the Cambodia Chamber of Commerce and the Ministry of Foreign Affairs and International Cooperation). The PDWG convened its first meeting on 16 September 2021 under the leadership of the Senior Minister of MISTI, and it gathered more than 100 government representatives, business associations and donors, notably: European Union (EU), Australia, China, Japan, Germany, France, European Chamber of Commerce (Eurocham), Asia Infrastructure Investment Bank (AIIB), Asia Development Bank (ADB) and the Cambodia Chamber of Commerce (CCC), as well the Resident Coordinator's office.

### 4.2 PARTNERSHIPS/SYNERGIES AND RESOURCE MOBILIZATION

The year 2021 has seen a series of achievements in terms of establishing new partnerships and strengthening existing ones, reinforcing in turn the PCP portfolio under different components.

UNIDO is supporting the Government in partner and resource mobilization, particularly through the PDWG. Consultations





were conducted with a wide range of IFIs as an essential element of the PCP partnership approach. Among others, AIIB and ADB have shown interest in supporting the Government and UNIDO's expertise in the field of SEZ development, eco-industrial parks, trade competitiveness, marine fishery and animal productions. Such initiatives will be further developed in the course of 2022.

Discussions on concrete collaboration with AIIB have been pursued. AIIB and UNIDO are finalizing ways to provide support to the Government, in response to an explicit request by the Ministry of Economy and Finance to facilitate and coordinate the development of a masterplan to transform Sihanoukville province, one of the coastal provinces, into a model multi-purpose SEZ. The Government of Cambodia - through MEF - has utilized its own funding (around \$4.8 million) to develop the masterplan and requested UNIDO's support to ensure the quality of the masterplan and facilitate coordination among stakeholders.

Discussions on potential collaboration are also ongoing with World Bank (WB) and Asia Development Bank (ADB). Technical inputs are being provided to develop interventions in different sectors, such as trade, marine fishery, agro-processing, and livestock value chains. Furthermore, a joint UNIDO-ADB workshop on 4IR was successfully organized in December 2021. The results of this workshop provided further appetite for the two institutions to collaborate further in promoting 4IR in Cambodia.

As part of the wider EU-engagement exercise, UNIDO will further explore new common areas of interest for cooperation, taking into particular consideration the ongoing development of EU's MIP for Cambodia. EU representatives have shown strong support for the PCP, notably for component 1 (beyond the CapFish project), and at the PDWG meeting.

Moreover, PCP's alignment with and importance for UNCT's activities in Cambodia has been commended by the UNRC, Ms. Pauline Tamesis, during UNIDO briefing to Member States on the PCP, which was held on 21 April 2021. Building on the momentum created, in coordination with the UNRC office, a joint proposal with United Nations Development Programme (UNDP), the International Labor Organization (ILO), the United Nations Environment Programme (UNEP), and the United Nations Institute for Training and Research (UNITAR) to support the Government in promoting the Partnership Action for Green Economy (PAGE) was developed and submitted to the PAGE Secretariat for approval on 14 October 2021.

UNIDO regularly attends meetings of UNCT and the UNDAF result groups to identify priorities and opportunities for UNIDO to promote ISID in the framework of the wider UN strategic engagement in Cambodia. Furthermore, as the RC office is also a member of the PDWG, UNIDO will be working closely with the RC office to ensure that the PCP is used as a platform to rally support and participation of different UN entities to upscale results and mobilize additional funding for the achievement of the PCP objectives.

Synergies among ongoing UNIDO projects are underway. The CAPFish- Capture project,<sup>3</sup> DEY project<sup>4</sup> and AFTER project<sup>5</sup> teams are exploring avenues to maximize impact by providing complimentary assistance to selected MSMEs.

### 4.3 RESULTS OF PCP ADVISORY SERVICES

In collaboration with MISTI and MEF, two rounds of surveys on the impacts of COVID-19 on the private sector were conducted. Such an exercise was conducted on the regional scale, with surveys undertaken in 11 Asian countries. The findings of these surveys provided useful insights for the Government to consider possible measures to support the private sector in mitigating the impacts of the pandemic and of its related containment measures. Moreover, as part of the wider regional analysis, Cambodian results informed the analysis conducted in the UNIDO Industrial Development Report 2022.

PCP Cambodia is also supporting the Government in enhancing national capacities for policy design, monitoring and

<sup>3</sup> Capfish- Capture: Cambodia Programme for Sustainable and Inclusive Growth in the Fisheries Sector.

<sup>4</sup> UN Joint Programme on Decent Employment for Youth.

<sup>5</sup> Agro-Food and Tourism Enterprise Recovery Project.

evaluation. This is being done through a capacity-building project of \$1.2 million funded by the Republic of Korea, which contributes to the mid-term review of Cambodia's Industrial Development Policy (IDP), which was completed and officially approved by the Council of Ministers on 16 December 2021. A detailed overview of 2021's progress can be found in Section 4.4.3.

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.

Furthermore, a Gender Action Plan (GAP) for gender mainstreaming in the CAPFish project was developed, in order to achieve gender targets as well as to support Fishery Administration (FiA) in developing a Gender Action Plan for the fisheries sector. The project team has also provided technical support to the development of quality management system in line with ISO 17025 for 5 laboratories and assisting Ministry of Agriculture, Forestry and Fisheries (MAFF) to develop national laboratory policy/strategy.

Technical assistance was also provided to support the General department of Animal Health and production in updating its policy on biogas development

## 4.4 TECHNICAL COOPERATION RESULTS

Through PCP activities, in 2021, UNIDO and the Government of Cambodia have drafted or revised 6 industrial policy-related documents, as well as 5 key analytical publications and almost 60 toolkits, guidelines and business plans. In terms of reach, some 1,400 firms were involved in UNIDO PCP activities, together with around 50 governmental bodies and institutions, at different levels.

Project reports also show that almost \$600,000 in new investments has been leveraged in 2021 (biogas project), notably in the field of sustainable energy. Related, a reduction of some 50,000 tons of CO<sup>2</sup> equivalent was observed, also thanks to the adoption of more than 35 new technologies.

Specific achievements under the PCP components and of the single PCP TC projects are highlighted below.

### 4.4.1 PCP PRIORITY AREA 1: AGRO VALUE CHAIN DEVELOPMENT, INCLUDING LINKAGES TO THE TOURISM SECTOR

The objective of this component is to contribute to the goal of the RGC of increasing the share of exports of processed agriculture products to 15 per cent in total volume by 2030, in line with the Strategic Development Plan for Cambodian Agro-industries (2019-2030). More specifically, the component supports the agro-processing sector, mainly small and medium-sized enterprises (SMEs) and support institutions, in significantly improving their competitiveness for better access and integration into domestic, regional, and international markets. To do so, UNIDO will apply its systematic approach to value chain development, which focuses on unlocking bottlenecks hindering the development of priority sectors that represent an engine for competitive growth, employment and income generation.

Three main priority interventions have been identified, and reflected as outputs in the PCP Document:

1. Support provided to the RGC in establishing excellence centres and promoting research, as a means to support and innovate SMEs operating in priority sectors;
2. Capacity-building and knowledge sharing activities conducted, aimed at strengthening the food safety systems of at least three selected priority value chains;
3. Capacity-building, skills development and standard compliance activities to strengthen post-harvest fisheries conducted.

UNIDO is already tackling the second and third priority through a €16 million five-year programme funded by the EU (CAPFish). The 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.



The CapFish project in 2021 continued to develop the capacity of the competent authority through trainings of fish inspectors developing Cambodia quality seal inspection checklists, training of 25 trainers on food safety, provision of technical assistance to 5 testing laboratories to develop quality management systems in line with ISO 17025, developing a roadmap for both public and private laboratories to acquire accreditation and to become centers of excellence on their specific mandates (pesticides, drug residues and microbiology), and developing food safety information management systems (IMIS) to digitalize the national residue monitoring plan. The project has successfully implemented a “national action plan on quality and safety of fish and fishery products” through meeting the targets of inspections and testing. To further contribute to develop the talent pool in the country, the project has reviewed curricula related to food technology of national universities and proposed new modules. Moreover, UNIDO provided technical assistance to FIA to sign an MoU with Viet Nam Laboratory (NAFIQAD) for testing residue samples.

To support fishery processors/traders, the project has commissioned and publicized a number of key assessments and studies, such as post-harvest fisheries value chain profiling, mapping of post-harvest fishery value chain actors in Cambodia, a feasibility study on prospective fishery products for geographical indication. Three surveys on market demands of Cambodia’s fishery products were carried out. At the same time, the project has provided training to 20 fishery enterprises on development of business proposal, food safety and quality management, and gender mainstreaming.

In observance of World Food Safety Day, the project collaborated with different universities and the Fishery Administration to successfully organize a virtual event, where 120 participants joined, to raise public awareness on the importance of food safety.

To establish a collaboration between the government, academia and the private sector, a Food Technology and Innovation platform (FTP) is proposed, and the charter of the FTP has been agreed upon by the participating agencies.



In terms of synergies, the SDC-funded AFTER Programme and a UN Joint Programme on Decent Employment of Youth are being implemented in conjunction with CapFish, targeting agro-food/fishery MSMEs in the recovery programme. CapFish will contribute \$285,000 to AFTER activities.

In the longer run, synergies with the ADB under this component will be explored. UNIDO has been approached by the Fishery Administration of MAFF for the conceptualization phase of an intervention funded by the ADB (approximately \$110 million overall with a grant component of approximately \$30 million) on marine fisheries infrastructure development. It is estimated to get a portfolio of about \$1.5 million for providing technical assistance to the project. In addition, the WB has approached UNIDO to provide technical assistance on food safety management and testing capacity enhancement through the ongoing project on Cambodia Agricultural Sector Diversification (CASDP).

## Funding

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
180039	CapFish Capture: Cambodia Programme for Sustainable and Inclusive Growth in the Fisheries Sector Cambodia (2019-2024)	EU	17,018,469
		<b>Total</b>	<b>17,018,469</b>

### 4.4.2 PCP PRIORITY AREA 2: INDUSTRIAL DIVERSIFICATION, INNOVATION AND DEVELOPMENT OF SEZs

The main priority under this component is supporting industrial diversification in Cambodia through SEZ development and innovation. Interventions will contribute to facilitating business environment reforms, enhancing business development infrastructure, increasing export diversification and SME competitiveness, and fostering innovation, inclusive and sustainable economic transformation in the country. This will further contribute to enhancing the institutional capacity of the Government to fulfil its mandate of promoting industrial development, through the effective and efficient implementation of economic development policies and practices.

The primary interventions identified for this component are: i) The formulation of SEZ masterplans facilitated and supported; and ii) Technology and knowledge transfer promoted to accelerate innovation in SMEs.

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 Urban Planning and Design Institute of Shenzhen (UPDIS) of China is developing the masterplan concept building on a previous initial assessment conducted by the Institute in March, May and June of 2019, which were facilitated by UNIDO. In 2020, the RGC allocated \$4.8 million of national funding to UPDIS for SEZ masterplan formulation. Consultancy services were officially launched by MEF with UPDIS on 18 October 2021. UNIDO facilitated the establishment of the cooperation and was requested by the Ministry of Economy and Finance to provide advisory services and technical assistance, i.e., facilitating data collection and consultation with relevant stakeholders; liaising with UPDIS to monitor the quality and accuracy of data; capacity development, and developing a resources mobilization strategy. UNIDO will collaborate with AIB to provide support to the project management unit of the MEF.

UNIDO will also continue exploring synergies between the Investment, Technology Promotion Office (ITPO) network and Cambodian SEZs, building on the high-level meeting conducted in October 2020, which gathered all ITPOs and representatives from the Phnom Penh SEZ.



The new GCF-funded project will help identify gaps to be filled in the field of climate-friendly technologies, helping Cambodian stakeholders to mainstream their application in SEZs. The project has identified four priority sectors to further conduct needs assessment. Those sectors include energy, wastewater management, waste to energy and water supply.

Transfer of knowledge and support to SMEs has been targeted through a number of projects. The advisory Programme conducted by ITPO Korea started its implementation phase. Throughout 2021, the programme has organized various workshops/forums on different thematic areas (agro-industry, Fintech, E-commerce, start-ups, social economic development) in order to promote investment linkages and information sharing among Cambodian and Korean enterprises. Furthermore, it has conducted surveys to identify investment potential and business partnerships between Korean and Cambodian businesses.

In support of agro-foods and tourism-based SMEs to recover from COVID-19 impacts, the AFTER Programme selected 60 enterprises out of 181 potential candidates/enterprises/entities for further assessment on the needs of technical assistance and provision of equipment and financial support. Direct support to these enterprises is expected in early 2022.

On the innovation side, in addition to the AFTER Programme and the joint UNIDO-ILO assessment described above, the Global Cleantech Innovation Programme (GCIP) will mainstream cleantech innovation among Cambodian MSMEs.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
190291	Technology needs assessment and action plans for the support of climate-friendly technology implementation in Cambodia's special economic zones	GCF	\$219,400
180059	UNIDO ITPO Korea - Advisory Programme for Investment Promotion and Technology Transfer in Developing Countries	Republic of Korea	\$170,000 (total budget \$1,017,699)
190057	Global Cleantech Innovation Programme: Accelerating cleantech innovation and entrepreneurship in start-ups and SMEs in Cambodia	GEF	\$50,000 (PA)
200170	Agro-Food and Tourism Enterprise Recovery Programme (AFTER)	Switzerland	\$876,176
200283	UNIDO-ILO Industry 4.0 assessment in garment sector	UNDCO	\$18,792
		<b>Total</b>	<b>1,334,368</b>

ERP ID	Pipeline project / sub-programme title	Potential donor	Estimated funding (US\$ excl. psc.)
190057	Global Cleantech Innovation Programme: Accelerating cleantech innovation and entrepreneurship in start-ups and SMEs in Cambodia	GEF	\$1,600,000

#### 4.4.3 CROSS-CUTTING INTERVENTIONS

The two main components are supported by interventions in selected cross-cutting components, which can be categorized under the three dimensions of sustainable development: 1) Economic dimension: industrial policy and statistics, and quality infrastructure; 2) Environmental dimension: sustainable energy and circular economy; 3) Social dimension: women's empowerment and youth employment.

##### **2021 Achievements:**

**Industrial policy and statistics:** In 2021, the Monitoring and Evaluation (M&E) system for the Cambodia Industrial Development Policy (IDP) 2015-2025 (developed in 2020) was rolled out for implementation to line ministries to collect relevant inputs and data under the overall coordination of the Cambodia Investment Board of the Council for the Development of Cambodia (CIB/CDC). The M&E system has three key tools, namely the intervention logic, the logical framework, and the reporting format, which are the fundamental tools to be used to assess the progress and impact of the IDP. In addition, another key achievement is the approval of the mid-term review of the IDP by the Council of Ministers on 16 December 2021. The review was conducted by the IDP secretariat with the technical support of UNIDO and the active participation of relevant line ministries. The project also delivered sectoral policy workshops on agro-industry, automotive, textiles and leather for participants from the public and private sectors. On the industrial Statistics, a listing and mapping of economic entities is being compiled. The list will be used for the Cambodia industrial statistics survey, which is expected to be conducted in 2022 by the National Institute of Statistics of Cambodia.

**Sustainable energy:** 10 feasibility studies and technical assessments were finalized by UNIDO on biogas-based power generation plants and investments. Based on the studies' results, three farms have agreed to co invest in biogas systems. A cumulative 2MW installed biogas-based power generation can be expected by the end of the project, in line with the KPIs set. Technical assistance was also provided to MAFF to update biogas policy while several trainings were organized for policymakers, bankers, suppliers and project developers on commercial biogas system, construction and operations of biogas system. Furthermore, the project supported its execution partner, the Biogas Technology Information Center, to establish collaboration with the Post Bank, a national bank, to provide green financing to biogas developers. An additional collaboration with a local bank is expected in 2022.

**Circular economy:** As part of the project on the transfer of environmentally sound technologies (TEST), which is funded by the Global Environment Facility (GEF) a green industrial award guideline was adopted by MISTI and the award was successfully organized and conferred to 21 out of 50 applicants. By generating publicity, it will demonstrate that improved environmental performance contributes to increased competitiveness. It will be used to raise environmental awareness among the broader public and companies will use the award to improve their image towards customers and suppliers. A Resource Efficiency Strategy and Action Plan 2021-2023 was also approved and disseminated after consultations with various line Ministries, civil society organizations and the private sector. The project has continued to conduct RECP (resource efficient and cleaner production) assessments for the second batch of 20 participating factories, while following up on the implementation of RECP findings among the previous 15 factories. Furthermore, a training workshop with various universities was organized to share experiences and knowledge on integrating TEST methodology in the university curriculum.

**Women empowerment and youth employment:** A policy gap assessment on the economic empowerment of women in green industry was completed within the framework of the project titled "Economic empowerment of women in green industry", and disseminated to all relevant stakeholders. Trainings for policymakers and women entrepreneurs on gender mainstreaming were successfully organized in close collaboration with UN Women in May 2021.

In 2020, UNIDO joined ILO, UNESCO and UNICEF to implement the second phase of the UN inter-agency programme entitled "Decent employment for youth in Cambodia", which is funded by SDC. In this programme, UNIDO is responsible for two outputs related to skill development and enterprise/start-up development. In 2021, UNIDO started collaborating with GGear electronic company, which is a local electronic retail/wholesale company, to work with five technical



training institutes in providing trainings of trainers on installation and maintenance of elevators and air conditioners. The programme has also collaborated with Techo Startup centre, which is one of the national incubation centers to run a Digital SME accelerator programme. This resulted in 30 young entrepreneurs having access to startup services and business support. In parallel, the programme has provided targeted business support training and mentoring services to 112 MSMEs in the four sectors (manufacturing, tourism, agro-industry and construction) and target provinces. Moreover, in 2021, the programme organized a virtual youth conference with the European Chamber of Commerce on green job markets for the public sector and youth. The conference gathered speakers and participants from various backgrounds, including Cambodian university students, academia, development partners and the private sector. After the conference, participants also had the opportunity to engage one-on-one with various experts, mentors and companies.

#### FUNDING FOR CROSS-CUTTING PROJECTS

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
120118	Reduction of GHG Emissions Through Promotion of Investments in Biogas Mini-Grids	GEF	1,500,499
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)	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	1,061,947
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	China	300,000
190397	Decent employment for youth in Cambodia	Switzerland	620,000
		<b>Total</b>	<b>5,557,172</b>

## 5. Response to COVID-19

Within the framework of a wider regional UNIDO initiative, the second phase of a survey to assess the impacts of COVID-19 was conducted in 2021 among Cambodian SMEs. The first phase was conducted in 2020 and its results were instrumental for the preparation of the Social Economic Response Plan (SERP) and a COVID-related report by the UN Economic Impact Group approved by the UN RC.

The survey was rolled out with the support of MISTI, MEF, CDC and a number of business associations. The assessment focused on sectors most affected, taking into account regional variations and stimulus packages put in place by the Government and external partners. The survey results were collated in a report, providing policy recommendations to the

RGC and fed into PCP interventions, as well as Government policies aimed at revitalizing Cambodian SMEs, among others.

With funding from United Nations Development Coordination Office (UNDCO), the UN Resident Coordinator's Office (RCO) in Cambodia has provided funding of \$32,994 to UNIDO and ILO to conduct joint assessment of industry 4.0 in garment, footwear and travel goods sector (GFT). The assessment aimed to determine: 1) the current and projected use of relevant technologies and automated machines and processes in Cambodia to gain an understanding of how the sector is becoming more digitized, and how that would affect production and human resources; and 2) the required skills development interventions to reskill employees. The assessment was completed and the report finalized and presented to various stakeholders in 2021. A concept note was developed jointly by UNIDO and ILO to explore funding to address the findings and provide technical assistance for enhanced skills and productivity in the GFT sector.

## 6. Communication

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Activities launched are promoted through local media (press releases) and MISTI has promoted the programme through social media, namely Facebook.

## 7. Upcoming milestones and major results expected in 2022

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Resource mobilization remains at the core of PCP Cambodia. The Government of Cambodia and 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. Technical discussions are being held with different units implementing WB- and ADB-funded projects to explore areas for collaborations and provision of technical assistance in the areas of food safety and agro value chains development.

UNIDO will continue providing support to the Government to organize regular PCP coordination meetings of the NCB and the PDWG to define key priority actions for 2022, as a way to engage and inform the key stakeholders active in the industrial development scene in Cambodia.

In terms of technical cooperation delivery, under Priority Area 1 – Agro value-chain development, including linkages to the tourism sector – UNIDO is currently engaging with the World Bank to potentially support the Government in the implementation of a component of the Bank's large-scale Cambodia Agricultural Sector Diversification Project (total \$92 million).

Under Priority Area 2 – Industrial diversification, innovation and development of SEZs – the AFTER programme will launch technical interventions to support recovery of SMEs while ensuring complementarity with the WB-funded eco-tourism and landscape project as well as the ongoing UNIDO projects, DEY and Capfish. Technical support will be provided to the project management unit of MEF in the development of the SHV masterplan to facilitate and coordinate consultations with various stakeholders. To this end, UNIDO is engaged in discussions with the AIIB and the Ministry of Economy and Finance to facilitate such coordination and mobilize additional funding.





In terms of the cross-cutting component on quality infrastructure (QI), a pilot study will be undertaken jointly with Australia's Department of Foreign Affairs and Trade, as part of the Cambodia-Australia Agricultural Value Chain Programme. UNIDO developed the conceptual framework to determine QI gaps and the required investments.

As a follow-up to the joint ILO-UNIDO assessment on the potential of Industry 4.0 in the garment and footwear sector, a full-fledged project is currently under development aiming at devising concrete support activities for MSMEs active in the sector. This initiative will support and complement UNIDO's continued engagement within the UN development system in Cambodia in response to the COVID-19 crisis. The PCP could serve as a catalyst for developing short- and medium-term response initiatives for sustainable economic recovery.

## Annex 1: PCP portfolio overview – UNIDO TC

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
180039	Component 1: Agro value-chain development, including linkages to the tourism sector	CapFish Capture: Cambodia Programme for Sustainable and Inclusive Growth in the Fisheries Sector Cambodia (2019-2024)	EU	17,018,469
190291	Component 2: Industrial diversification, innovation and development of SEZs	Technology needs assessment and action plans for the support of climate-friendly technology implementation in Cambodia's special economic zones	GCF	219,400
180059	Component 2: Industrial diversification, innovation and development of SEZs	UNIDO ITPO Korea - Advisory Programme for Investment Promotion and Technology Transfer in Developing Countries	Republic of Korea	170,000 (total budget 1,017,699)
190057	Component 2: Industrial diversification, innovation and development of SEZs	Global Cleantech Innovation Programme: Accelerating cleantech innovation and entrepreneurship in start-ups and SMEs in Cambodia	GEF	50,000 (PA)
200170	Component 2: Industrial diversification, innovation and development of SEZs	Agro-Food and Tourism Enterprise Recovery Programme (Cambodia)	Switzerland	876,176
200283	Component 2: Industrial diversification, innovation and development of SEZs	UNIDO-ILO Industry 4.0 assessment in the garment sector	UNDCO	18,792
120118	Cross-cutting component: Sustainable Energy	Reduction of GHG Emissions Through Promotion of Investments in Biogas Mini-Grids	GEF	1,500,499
150275	Cross-cutting component: Circular economy	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	Cross-cutting component: Women empowerment & youth employment	Economic empowerment of women in green industry (global programme totaling US\$ 1.1 million for four participating countries: Cambodia, Peru, Senegal, and South Africa)	Germany	250,000
180062	Crosscutting component: Industrial Policy and statistics	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	1,061,947

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
180331	Crosscutting component: Industrial Policy and statistics	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	China	300,000
190397	Crosscutting component: Women empowerment & youth employment	Decent employment for youth in Cambodia	Switzerland	620,000
170241	Coordination project	Cambodia Programme for Country Partnership (PCP): Towards a sustainable, skills-based and export-oriented economy	Partnership Trust Fund-China	150,000
<b>Sub-total:</b>				<b>24,078,009</b>

ERP ID	PCP component or cross-cutting area	Pipeline project / sub-programme title	Potential donor	Estimated funding (US\$ excl. psc.)
190057	Component 2	Global Cleantech Innovation Programme: Accelerating cleantech innovation and entrepreneurship in start-ups and SMEs in Cambodia	GEF	1,600,000
<b>Sub-total:</b>				<b>1,600,000</b>





## Annex 2: Investments leveraged by the PCP, including forecast for 2022

Parallel funding committed (US\$)								
Partner	Link to PCP	Type of funding	2018	2019	2020	2021	Cumulative total	2022 (Pipeline)
<b>RGC, Private sector</b>	Cross-cutting component: Circular economy GEF TEST project (co-funding as per project document)	In-kind					11,972,026	
<b>RGC, Private Sector</b>	Cross cutting component: sustainable energy GEF Biogas project (co-funding as per project document) Decent Employment for youth	In-kind In cash and in-kind					12,354.265 (1,449,709 confirmed as of March 2022) 100,872	
<b>RGC</b>	Sihanoukville SEZ development	Government funding			4,800,000		4,800,000	
<b>RGC</b>	Cross-cutting component on industrial policy	In kind			1,000	4,000	5,000	
<b>World Bank</b>	Cross cutting component: industrial statistics Developing the statistical base and tools for PCP impact monitoring and its contribution towards the SDGs project	In-kind			60,000		60,000	
<b>Private sector</b>	Component 2 GEF Cleantech project (pipeline)	In-kind						6,188,800
<b>ADB and WB</b>	Component 1: Agro industry value chains development linking it tourism sector	In cash (expected as a loan to Government)						2,000,000 (estimate)
<b>AIIB</b>	Component 2: Industrialization, SEZ development and Innovation	In cash (expected as a grant to Government)						145,000
<b>Total</b>							<b>29,292,163</b>	<b>8.333.800</b>

For more information, please scan the QR Code to  
[access the PCP Cambodia UNIDO website.](#)



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