

Country National Report on Istanbul Program of Action Cambodia

**Enhance Productive Capacity and achieve Sustained Economic
Growth**

13 November 2019

Outline of Presentation

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- II. National Development Process to Implement IPoA;**
- III. Assessment of progress and challenges in the implementation of the Istanbul Program of Action for LDCs for the Decade 2011-2020;**
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I. Introduction

- Cambodia graduated from Low Income to Lower-Middle Income Country (MIC) status in 2015;
- As in the National vision, Cambodia will become Upper-Middle Income country 2030; and
- will become high income country in 2050;
- Cambodia still remains a Least Developed Country (LDC);
- Cambodia is also expected to be qualified to begin the LDC graduation process in 2021.
- Cambodia has achieved economic growth in average of more than 7% per year; and
- Reduce poverty more than 1% point annually and reach to <10% in 2018.

II. National Development Process to Implement IPoA

- Cambodia has been implementing IPoA through its national planning system and policies;
- There are 3 mandates of NSDP are used as the tool for implement IPoA, there are:
 - NSDP Updated 2009-2013;
 - NSDP 2014-2018;
 - NSDP 2019-2023.
- The IPoA also integrated into sectoral plans; and
- Sub-national plans, including capital Provincial development plans.

III. Assessment of progress and challenges in the implementation of the Istanbul Program of Action for LDCs for the Decade 2011-2020;

Enhance Productive Capacity and achieve Sustained Economic Growth:

Target (specify)	Action taken to achieve target	Results or impact	Lessons learned
- Annual GDP Growth 7%;	<ul style="list-style-type: none"> - The growth contribute from all sectors including industrial and manufacturing sector; - Share of industrial sector to GDP increase from 27.7% in 2015 to 32.8% in 2018; - Employing in manufacturing sector exceed the target; - Also growth fast in Construction sector; 	<ul style="list-style-type: none"> - The average of GDP growth between 2104-2018 is 7%; - GDP 7.5% growth in 2018; - Employees in manufacturing sector in 2018 23.9% (target 13%); - growth fast in Construction sector; 	<ul style="list-style-type: none"> - Manufacturing sector has increased from 16.0% of GDP to only 16.8% in this period, signifying the slower progress of the core industrial base;
Construction	Construction also contribute to Economic growth, it has been the most dynamic sector	<ul style="list-style-type: none"> - It growing by about 9.8% in 2015, and by an 13.7% in 2018; 	<ul style="list-style-type: none"> - Cambodia is still faced with high logistics costs; - relatively weak institutional coordination;
Trade	With international trade also increase compare to GDP;	<ul style="list-style-type: none"> - 130.4% of GDP in 2018 (from 120% in 2015); 	<ul style="list-style-type: none"> - lack of coherent quality infrastructure; - limiting access to market;

Enhance Productive Capacity and achieve Sustained Economic Growth:

Target (specify)	Action taken to achieve target	Results or impact	Lessons learned
real estate	boom in real estate sector in the past four years,	- Share to GDP Growth	- lack of energy development, skill development, and technologies, including digital technologies, - constraining growth of the manufacturing sub-sector, and inadequate capacity to implement the Industrial Development Policy (2015-2025).
	volumes of freights going through the two major ports in Cambodia increased	- Increase 30% between 2015 and 2018; - Value of freights reach to 8.1 million Tones in 2018 (ahead of target 6.2 million Tones)	
Infrastructure	Beside the Investment by the RGC, development partners, and private sector have continue targeted investment in infrastructure, essentially roads, rail, bridges, ports, hydropower, solar farms, power transmission lines and irrigation systems;	Contribute to GDP growth,	
Garment	garment factories have construct and some shifted from capital/urban to rural areas, making it closer to labour source.	- Provide jobs and income to rural population; - Reduce rural-urban migration;	

Enhance Productive Capacity and achieve Sustained Economic Growth:

Target (specify)	Action taken to achieve target	Results or impact	Lessons learned
telecommunication	Population with internet access, especially through mobile phone, increased remarkably in the past few years, especially in rural areas as the telecom infrastructure has been expanded quite rapidly.	- In most of the rural areas, people can use 3G or 4G services on their smart phones;	The private sector has and will invest in ICT infrastructure and services there is a strong business case and where profits can be made.
	The use of information and communications technology (ICT) has risen substantially;	- as reflected in the rise in mobile phone users from 2.7 million in 2012 to 11 million in 2018.	However, the area where capacity is still lacking is in rural and remote areas, especially high-speed internet access.

Key Policies/Accelerating Strategies

- In the package of 17 reform measures aimed at improving Cambodia's competitiveness, promoting SMEs and attracting foreign direct investment (presented by the PM on 29 March 2019 at the Government Private Sector Forum);
- The measures range from reducing logistics costs to lowering electricity tariffs, improving labour law, increasing financial access to SMEs, and to finalizing the amendment of the Law on Investment, and Law on Special Economic Zones (SEZs).
- The Skills Development Fund (SDF) was set up in 2018 to focus on five priority areas, namely, manufacturing, construction, ICT, electronics, and tourism with an aim to bridge the skills gaps in the Cambodian economy;

Key Policies/Accelerating Strategies

- In late 2017, MEF set up a PPP Unit aimed at boosting PPP projects that are predominantly financed by private firms in nature;
- With the IDP and various supporting strategies in place, the RGC has cooperated with various DPs to co-implementing various programs and projects notably the *Programme for Country Partnership (PCP) 2018-2023*.

Thank you !