



ROYAL GOVERNMENT OF CAMBODIA

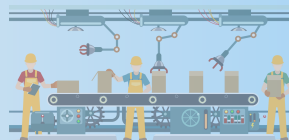
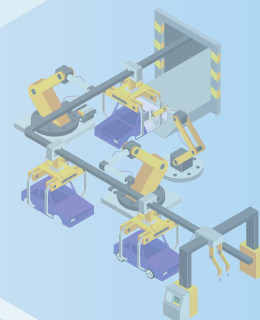
Progress Report on the Implementation of the

CAMBODIA INDUSTRIAL DEVELOPMENT POLICY

2021 - 2023

« Market Orientation and Enabling Environment
for Industrial Development »

Approved by the Royal Government
on 3rd February 2025





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Preface

Cambodia's peace prevailing nearly three decades, allowing the Royal Government to continue making a series of major achievements in all sectors for the country, especially building a stronger foundation of the national economy for development, maintaining political and macroeconomic stability, and alleviating poverty through the effective implementation of the **Rectangular Strategy-Phase IV** and the socio-economic development policy agendas. At the same time, in order to maintain the momentum of peace, inclusive economic growth and sustainable development in the context of an increasingly volatile and uncertain world, the Royal Government of the 7th Legislature of the National Assembly launched the **Pentagonal Strategy- Phase I**, which incorporates key connected and comprehensive political programs and measures for promoting productivity and national economic diversification, and human capital development; strengthening good governance and enhancing institutions as well as building resilience to climate change, which is the important foundation and means for achieving the "**Cambodia Vision 2050**".

Based on this long-term vision, the Royal Government of Cambodia still considers the industrial development, especially the manufacturing sub-sector, as a base strategy for supporting sustainable and resilient growth. In this connection, the Royal Government has been implementing the Cambodia Industrial Development Policy 2015-2025 (IDP) which is a new economic growth strategy to promote the development of this sector through economic diversification, strengthening competitiveness, productivity enhancement, technology transfer and skills development, capacity building of small and medium enterprises in the country, continuing connectivity infrastructure development, with a view to contribute to achieving the socio-economic development goals and to respond to the evolving regional and global economic architecture.

Cambodia has been in a speedier phase of accelerating high value-added industrial activities, diversifying the economic base of both production and export markets, attracting foreign direct investment, strengthening its integration into regional and global supply chains, and creating more jobs in the manufacturing sub-sector for the Cambodian people over the past 8 years (2015-2023) of the IDP implementation. Along with these achievements, the development of Cambodia's industrial sector has also been facing a number of issues that need to be addressed in order to reduce production costs and improve the business and investment environment. In addition, risks such as global economic uncertainty, escalating geopolitical and economic tensions, the Covid-19 scourge, technological and digital transformation, the environment and climate change, as well as Cambodia's readiness to graduate from the least developed country status, have been pressurizing and impacting the Cambodian society and economy. In this sense, the continued monitoring of the implementation of the measures set out in the IDP policy is essential and necessary in order to review the progress and challenges as a basis for developing response measures to the issues that have arisen during the implementation. As tasked by the Royal Government, **the Council for the Development of Cambodia** has continued to prepare the Progress Report of the IDP Implementation in 2021-2023, which provides additional important inputs for the Royal Government of Cambodia's

consideration and direction for the next phase implementation to further develop the Cambodia industrial sector.

On behalf of the Royal Government of Cambodia, I would like to express my appreciation and highly evaluate the efforts of all ministries, institutions and stakeholders in implementing the measures set out in the IDP policy effectively. Simultaneously, I would like to thank **the Economic and Financial Policy Committee** for convening the review meeting and providing good orientation recommendations on the report as well as the overall industrial development. I would also like to thank **the Council for the Development of Cambodia**, which has the secretariat for leading and coordinating the IDP implementation, as the operational body, and all relevant ministries and institutions in jointly preparing the Progress Report of the IDP Implementation in 2021-2023, in a highly responsible and cooperative manner.

Lastly, I would like to urge all ministries and institutions responsible for the implementation of policy measures to fully join hands in implementing the remaining measures with high efficiency and proactiveness in the spirit of the entire government approaches and the advancement of the single-player system to ensure the successful achievement the modification and modernization of Cambodia's industrial structure.

Phnom Penh, 03 February 2025

Prime Minister

(Signed and Stamped)

Samdech Moha Borvor Thipadei HUN MANET

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Executive Summary

After attaining full peace, political and macroeconomic stability, and social order through the Win-Win Policy under the wise leadership and long-term vision of **Samdech Akka Moha Sena Padei Techo Hun Sen, Former Prime Minister of the Kingdom of Cambodia and President of the Senate**, the Royal Government of Cambodia has strived for socio-economic development with remarkable achievements. In order to maintain these noble achievements and continue to promote economic growth and improve the living standards of the Cambodian people, **Samdech Moha Borvor Thipadei Hun Manet, Prime Minister of the Kingdom of Cambodia**, launched the "Pentagonal Strategy-Phase 1, which is the socio-economic development policy agenda for the 7th Legislature of the National Assembly. Although Cambodia has experienced some negative effects from the Covid-19 pandemic and other global crises, the Royal Government has adhered to a proactive approach to overcoming and recovering its economy rapidly in 2021 and the consecutive years through the implementation of policy framework and sharp socio-economic measures. This has had a positive impact on Cambodia's development, especially Cambodia's readiness for least developed country (LDC) status graduation and achieving Cambodia's 2050 vision.

The industrial sector has been identified as a priority sector in the Rectangular Strategy-Phase 4 and continues to recognize as a key sector in the Pentagonal Strategy-Phase I for contributing to national economic growth. Based on this, the Royal Government has adopted and been implementing the Cambodia Industrial Development Policy 2015-2025 (IDP), which is an important guide in orienting the development of Cambodia's industrial sector through economic diversification, enhancing regional and global competitiveness, increasing productivity, and expanding export markets aimed at transforming the Cambodian industry from the labor-intensive industry to the skills-based and high value-added industry.

Entrusted with the delegation of full power by the Royal Government to monitor the progress and orient the implementation of the IDP more effectively, the Council for the Development of Cambodia (CDC) has coordinated preparation of two progress reports (2016 and 2017-2018) and Mid-Term Review Report (MTR) 2015-2020. The Progress Report on the IDP implementation 2021-2023 has been prepared for the purpose of reviewing and monitoring the progress of the implementation of each responsible area, challenges and next directions align with changes in the national and global contexts. This report uses the methodology adopted within the framework of monitoring and evaluating the IDP implementation, which focuses on the performances of the five policy objectives, using two data sources: national and international data sources.

Based on the findings of the key outcomes report, the progress of the five policy objectives is summarized as below:

1- Performance Achievement in the IDP Objective 1: “Increase Industrial Activities”: The industry value added per capita risen steadily from USD 780 in 2021 to USD 856 in 2023, while the total added value of the manufacturing sector per capita has grown from USD 533 to

Executive Summary

approximately USD 591. The total added values of the industrial and manufacturing sectors per capita over the past three years are at a higher rate than in 2019, indicating overall good progress in both sectors, which are recovering rapidly after being hit by the Covid-19 pandemic and its aftermath. This IDP objective consists of a total of 20 measures, of which 14 are completed, 4 are in progress, and 2 are delayed.

2- Performance Achievement in the IDP Objective 2: “Increase Industrial and Agro-industrial export”: The manufactured exports per capita have grown from approximately USD 977 in 2021 to USD 1,130 in 2022, but dropped slightly to USD 1,086 in 2023. These three-year figures are all higher than the pre-Covid-19 pandemic, with an average annual growth rate of 10 % between 2020 and 2023, showing signs of a positive recovery in the manufactured exports after being affected by the Covid-19 pandemic. Simultaneously, the volume of processed agricultural exports between 2020 and 2023 continued to grow at an average annual growth rate of 12.1% per year, reaching about USD 1,191 million in 2023, while the share of processed agricultural products compared to the total exports fell from 5.4% in 2021 to 4.7% in 2022, but rebounded to 5.1 % in 2023. This indicates that as the volume of the processed agricultural exports has steadily increased, the exports of other sub-sectors appear to be higher than this sub-sector. This IDP objective consist of a total of 28 measures, of which 16 are completed, 7 are in progress and 5 are delayed.

3- Performance Achievement in the IDP Objective 3: “Economic Resilience and Diversification”: The share of the added value of the three leading manufacturing sub-sectors compared to the total added value of the manufacturing sector in the last three years has fluctuated, increasing slightly from 76.8% in 2021 to 77.2% in 2022 but decreasing to 74.9% in 2023. The average figure from 2015 to 2023 of this indicator is still at a high level of around 77% per year. This indicates that Cambodia's manufacturing sector is still concentrated around a small number of activities. The share of the export of non-garment and footwear manufacturing products compared to the total exports in the last three years have fluctuated, decreasing from 21.2% in 2021 to 18.6% in 2022, but rebounding to 20.6% in 2023. Nevertheless, the share of the non-garment and footwear manufacturing products compared to the total exports in the last three years is at a higher level than in 2020. This shows positive progress of export diversification. This IDP objective includes a total of 43 measures, of which 26 are completed, 11 are in progress, and 6 are delayed.

4- Performance Achievement in the IDP Objective 4: “Improve Quality of Employment”: The number of jobs in the non-garment manufacturing sector steadily rose from 487,000 in 2020 to 516,000 in 2021. Simultaneously, the number of jobs in the industrial sector increased from about 2.3 million in 2020 to 2.5 million in 2021, while the share of the jobs in the industrial sector rose from 24.7% to 26.4% in the same year. This shows the recovery of the industrial sector as a whole, which has absorbed more workers into the sector. This IDP objective includes a total of 32 measures, of which 30 are completed, 1 is in progress, and 1 is delayed.

5- Performance Achievement in the IDP Objective 5: “Maximize Domestic Benefit”: The volume of imports and exports of the manufacturing products increased in both 2021 and 2022, while the trade deficit narrowed from USD 3.9 billion in 2021 to about USD 3.4 billion in 2022, indicating a better production capacity for domestic supply. Nevertheless, the production capacity for domestic supply has not yet been able to fully meet the growing demand for domestic consumption and production inputs for supply in the domestic manufacturing sector. However, the volume of the imports and exports of the manufacturing products in 2023 all declined, while the trade deficit of the manufacturing products fell to about USD 2.5 billion in 2023. This may be due to a slowdown in economic activities resulting from global economic uncertainty as well as a decline in global demand. This IDP objective includes a total of 8 measures, of which 4 are completed, 3 are in progress, and 1 is delayed.

Over the past three years, the results of monitoring the implementation of the policy measures show that among all the measures that the IDP has put in place (including supporting sub-measures), 97 measures and sub-measures are completed, equivalent to 70%; 25 are in progress, equivalent to 18%; and 16 are delayed, equivalent to 12%. Compared to the MTR report, the number of completed measures and sub-measures increased by 20, the in-progress and delayed measures decreased by 3 and 16% respectively. Noticeably, among the completed measures and sub-measures, 7 general measures and sub-measures related to the general fiscal administration, the improvement of the public financial system and the public investment program for industrial development, and strengthening of the monitoring of the implementation of investment projects that affect all the policy objectives.

Along with the key progress achieved as described above, the implementation of this policy has also encountered a number of challenges and risks that require the involvement of all stakeholders in the redesign of a detailed action plan to implement the policy comprehensively and effectively. Challenges in the implementation include 1) the Covid-19 outbreak in Cambodia, 2) lack of human and financial resources, and 3) not yet setting new targets for key indicators.

In the past years, a number of global and regional trends have emerged that may pose a risk to the Cambodian industry, especially the manufacturing sub-sector in the future, such as:

1) Geopolitical and Economic Tensions: Trade and technology wars between the superpowers, the prolonged Russia-Ukraine war and the Middle East conflict, and the continued tightening of monetary policy in developed countries have been undermining international security, multilateralism, globalization and global financial stability, and have been negatively impacting Cambodia's economy. In order to reflect the high commitments of the Head of the Royal Government in responding to these challenges, in particular, the recognition of private sector as an important partner of the government and the engine for national economic growth, and in order to improve the business and investment environment in Cambodia, at the 19th Government-Private Sector Forum, the Royal Government has introduced a package of 11

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major reform measures in sectors such as customs and excise, infrastructure and transportation, banking and finance, and construction and real estate sector.

(2) Dismantling the Production Supply Chain: The disruption of the supply chain caused by Covid-19, geopolitical tensions and the trade war between the United States and China, as well as rising production and labor costs in China, which is the world's manufacturing hub, have been making a number of multi-national corporations adjust their supply chain plans to the ASEAN region with competitive labor costs, better infrastructure and good investment policies. This can make Cambodia lose opportunities and benefits if Cambodia is not well prepared and can maintain its competitiveness in attracting investment, especially investment in high value-added industries.

(3) Digitalization in the Industry: The fourth industrial revolution has gradually entered the Cambodian industrial sector. Digitalization and Digitization is a two-edged sword that can have positive impacts on productivity, economic efficiency, economic diversification and competitiveness and, on the contrary, it can cause negative impacts on the development of Cambodia's industrial sector by creating structural unemployment for unskilled or low-skilled workers. This requires the Royal Government of Cambodia to pay attention to strengthen the transferring, adapting, and capturing technology and digital innovation, as well as strengthen technology, digital innovation, trust in the digital environment, digital safety; and increasing investment in technology capital, especially physical technology connectivity infrastructure and networks/data.

(4) Demographic Change: The aging population in some developed economies has a negative impact on the potential economic growth in the region and has led to the influx of labor-intensive industrial activities into developing economies with young dynamic labor force and high competitive wages. In this regard, the readiness to absorb the flow of investment in the industry alone is not sufficient. Thus, the additional skills trainings for strategic key workforces are necessary to attract the flow of high-tech and high value-added industries.

(5) Climate Change and Green Economy: Dialogue on environment and climate change is growing steadily in the region and the world, and many policies are being put in place, such as the use of green energy technologies and renewable energy. Although the Royal Government of Cambodia has developed a number of policies and guidelines in response to these issues, which currently have enabled Cambodia to have access to clean energy up to 60% and continue to reach 70% by 2030, the Royal Government of Cambodia and all stakeholders in the Cambodian industry must continue to develop and implement additional policies and measures on climate change and promote green economic development including green transport and logistic infrastructures such as the inland water transport system, the Funan Techo Canal, railways and sewerage treatment system projects, aiming to contribute to mitigating climate change, promoting the environment and ensuring sustainable and inclusive development, and achieving the Royal Government's goal of carbon neutrality by 2050.

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(6) LDC Graduation: In line with this achievement, some of the challenges will occur on Cambodia such as loss of preferential benefits in trade, finance, and technical assistance, and other preferences in the certain international agreements and communities which Cambodia being a member. One of the most important direct impacts is the trade sector, although in the past Cambodia has increased the Free Trade Agreements (FTAs) negotiations within bilateral and multilateral frameworks (ASEAN, ASEAN+1, the Regional Comprehensive Economic Partnership Agreement-RCEP), and so on, the loss of trade preferential benefits from the US and EU markets and other markets under the Generalized System of Trade Preferences for least developed countries, remain unavoidable risks for the industrial sector in Cambodia. In this sense, the further markets access through additional free trade agreements negotiations, deepening connectivity integration into regional and global supply chains, increasing industrial diversification, boosting market access negotiating power, and reopening negotiations with the United States and the European Union, as well as further strengthening the favorable environment for trade, business and investment are crucial factors to reduce the aforementioned risks.

Overall, the achievement of the most of the IDP objectives shows positive progress in the IDP implementation over the last three years (2021-2023), even though Cambodia has been affected by Covid-19 pandemic, geopolitical tensions, trade and technology wars between the superpowers, the global economic crisis, and other crises in the region. This shows a high attention and effective and proactive measures of the Royal Government of Cambodia in implementing the key measures set out for the Cambodian economic recovery, especially the firm measures for the industrial and manufacturing sectors.

Responding to potential challenges and risks, Cambodia must focus on creating and promoting green investment, green transport and logistics infrastructures, green financing and green interactions, which are catalysts for promoting industrial and economic diversification and development, as well as enhancing Cambodia's productivity and competitiveness to ensure sustainable, inclusive and resilient economic development.



Progress Report on the Implementation of the Cambodia Industrial Development Policy 2021 - 2023

“Market Orientation and Enabling Environment for Industrial Development”



1. Introduction

On the path to peace, national unity, political and macroeconomic stability and social order, under the wise leadership and long-term vision of **Samdech Akka Moha Sena Padei Techo Hun Sen, former Prime Minister of the Kingdom of Cambodia and President of the Senate**, the Royal Government of Cambodia has achieved major milestones and made progress in socio-economic development. In fact, over the past two decades, the Royal Government has achieved high economic growth of around 7% per year, which has provided positive impacts for national development, especially Cambodia's preparation for graduating from LDC status and achieving vision for 2050.

At the first plenary session of the Council of Ministers on August 24, 2023, **Samdech Moha Borvor Thipadei Hun Manet, Prime Minister of the Kingdom of Cambodia**, launched the implementation of the Pentagonal Strategy-Phase I that is the socio-economic development policy agenda for the 7th Legislature of the National Assembly, built on the achievements from the implementation of the Triangular Strategy and the Rectangular Strategies in the past four phases. In this regard, in order to ensure sustainable socio-economic development, the Royal Government has set out effective national policies and strategies to seize opportunities for the recovery and acceleration of economic development in response to the fast-changing global and regional contexts including geopolitical tensions, global economic uncertainty and regional instability, as well as fragility of economy emerging from the Covid-19 pandemic, international trade disputes, the Industrial Revolution 4.0, the rise of the digital economy, and the rise of globalization.

Through the priorities set out in the Rectangular Strategy Phase 4 and the continued guidance from the Pentagonal Strategy - Phase I and the Strategic Plan for National Development, the industrial sector is considered as a key sector that has played an important role in contributing to economic growth, for both now and in the future. On this basis, the Royal Government has continued to implement the policy that is an important guide in orienting Cambodia through economic diversification, enhancing regional and global competitiveness, increasing productivity, and expanding export markets in order to transform Cambodian industry from the labor-intensive industry to skilled and technologically advanced industry.

The IDP was approved by the Office of the Council of Ministers on March 6, 2015. CDC was entrusted with the authority by the Royal Government to fulfill its role to lead and coordinate

1. Introduction

the implementation of this policy. As an executive agency of the Royal Government, CDC has been equipped with necessary functions and mechanisms for policy decision, coordination, preparation, monitoring and evaluation of the implementation of the action plans of the IDP, as well as addressing challenges, actively cooperating with relevant ministries and institutions, development partners, the private sector and other stakeholders for the purpose of facilitation in collecting data for progress report, mainstreaming and promoting implementation of this policy.

In this spirit, CDC has prepared two reports on the progress of the IDP implementation: the Progress Report of the IDP Implementation in 2016 and the Progress Report of the IDP Implementation in 2017-2018 and the Mid- Term Review Report (MTR) 2015-2020.

The Progress Report of the IDP Implementation 2021-2023 is aimed at monitoring the progress of the implementation of the IDP in each area of responsibility, putting forth challenges and recommendations to form a basis for future implementation in accordance with IDP monitoring and evaluation framework, approved by the Economic and Financial Policy Committee. Following the introduction in Section 1, the Progress Report of the IDP Implementation 2021-2023, is structured as follows:

- ❖ Section 2: Methodology for Monitoring
- ❖ Section 3: Monitoring the Performance at the Strategic Level of the IDP Implementation
- ❖ Section 4: Challenges and Risks
- ❖ Section 5: Conclusion and Way forward.

2. Methodology for Monitoring

The Progress Report of the IDP Implementation in 2021-2023 was prepared using three essential tools of the monitoring and evaluation (M&E) system, namely: Intervention Logic, Log-frame and Reporting Template Format (RTF). These tools were used in preparing the MTR.

Intervention Logic is a tool that illustrates the main structure of the IDP in a comprehensive manner. This tool shows the intermediate outcomes that can be expected from the implementation of policy measures, objectives and the contribution of the IDP to the national development goals (see Figure 1).

Log-frame is a tool used to turn the intervention logic into measurable matrix by comprising all relevant information and defining “HOW” the different elements of the IDP intervention logic are measured. Within the Log-frame, indicators are identified to measure the performance or progress at each level (for example, policy objectives, intervention areas, and policy measures) accompanied by data sources and other necessary information. In total, 67 key performance indicators (KPIs) are identified to measure the performance of the IDP, including 9 at the strategic level and 58 at the sectoral level. The IDP implementation progress is monitored using two data sources: data provided by the relevant ministries and institutions and those retrieved

2. Methodology for Monitoring

from the World Bank and the International Labor Organization, including the World Integrated Trade Solution (WITS), World Development Indicators (WDI) and ILOStat.

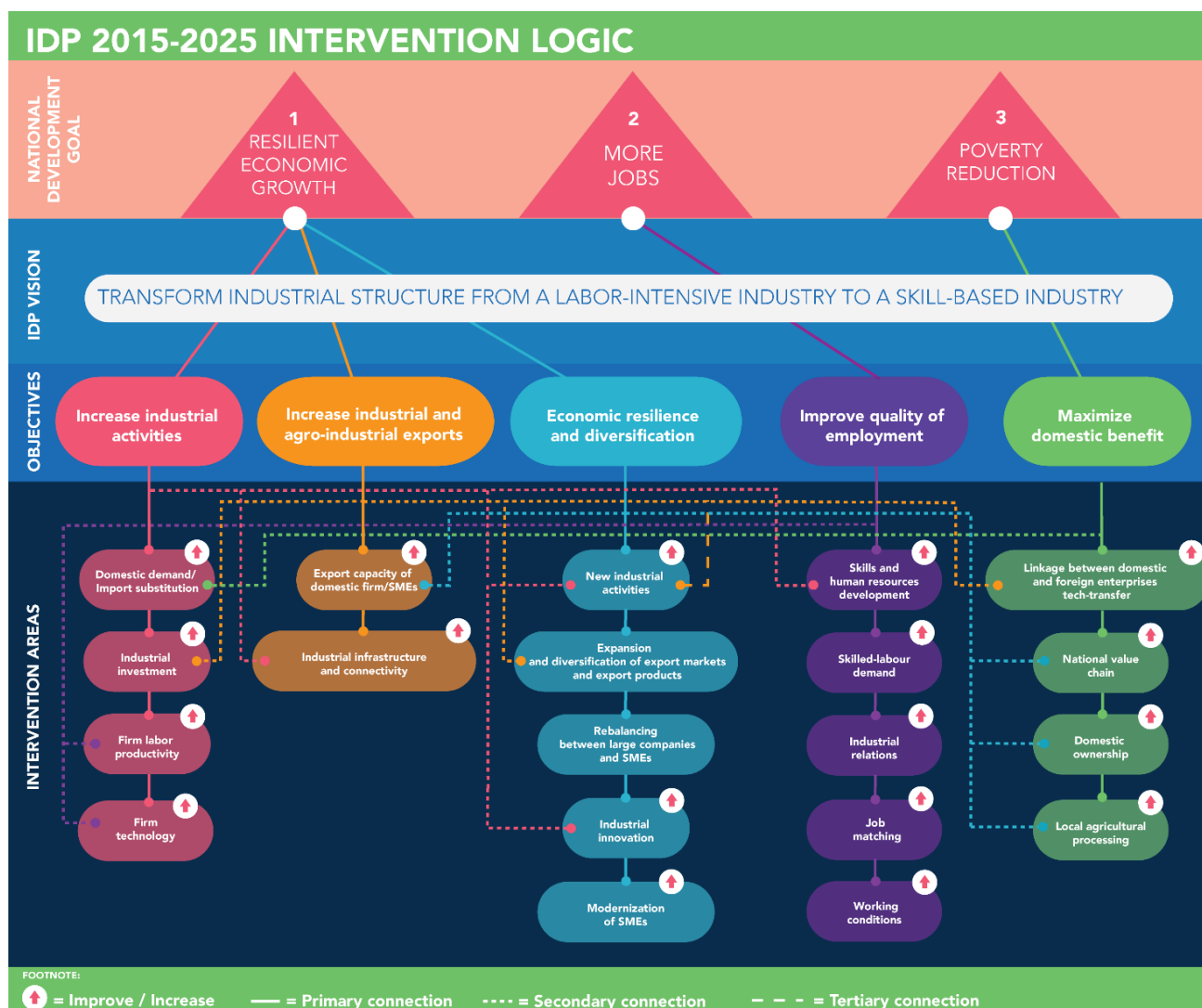
Reporting Template Format (RTF) is a tool used to collect information and monitor the progress of the policy measures implementation at the technical level. This tool is a table containing all IDP policy measures and their respective implementation indicators from the log-frame. This table is used to gather quantitative and qualitative data to measure the progress and outcome of the implementation of each policy measure of the relevant ministries and institutions. Three milestones are identified for each policy measure to monitor the implementation progress at the technical level. Additional Progress Indicators (APIs) could be set to collect quantitative data in addition to the information on implementation and outcomes of the respective policy measure.

For data collection and analysis, it is noted that the Royal Government of Cambodia updated the national accounts base year from 2000 to 2014. This change aims to update and measure Cambodia's economic growth and structure, making it more accurate and reflective of the current realities of the society. As a result of base year update, the figures of some indicators in this report differ from those presented in the MTR report.

It should be noted that this report utilizes mixed method approach integrating both quantitative and qualitative approaches. In terms of the scope, this progress report focuses on the performance of the **strategic level indicators in 2021, 2022 and 2023**, by **monitoring the progress of each policy objective**, as well as providing a summary of the implementation progress of the measures, challenges and risks associated with the policy implementation. Nevertheless, this report does not include an analysis of the vision and the National Development Goals (NDGs), nor does it assess the overall impact. These will be addressed in the end-term Review. The results of progress monitoring at the sectoral level (intervention areas) and technical level (implementation of the policy measures) are detailed in the appendices of this report. It is important to note that the progress monitoring of the IDP implementation over the last three years is not yet comprehensive, as the data for a small number of indicators are not available until 2023.

3. Performance monitoring of IDP implementation

Figure 1: IDP Intervention Logic

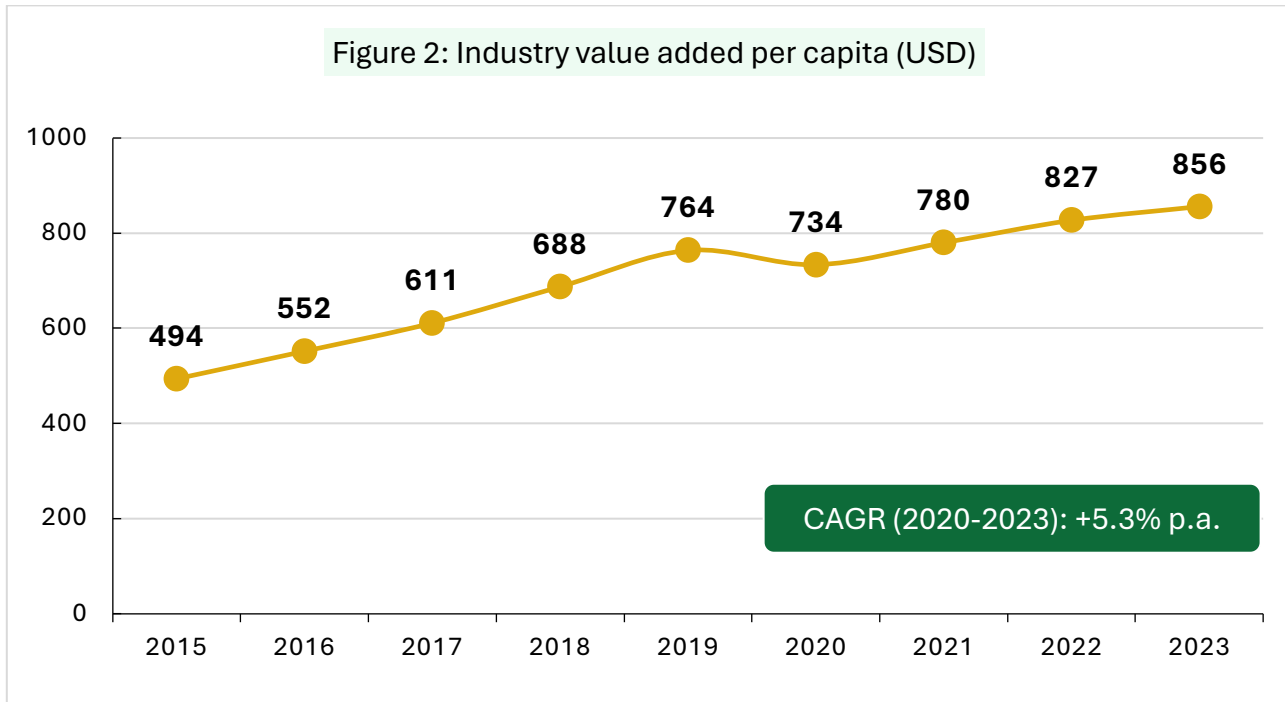


3. Performance monitoring of IDP implementation

The strategic level analysis will focus on the progress made towards achieving the five policy objectives from 2021 to 2023, a period during which Cambodia continuously faced a series of major challenges arising from the Covid-19 outbreak, geopolitical tensions and regional and global economic uncertainty. Currently, while the socio-economic situation of Cambodia has returned to the normalcy following the Covid-19 pandemic, the long-term effects of the pandemic, along with external pressures, have affected the progress toward achieving each policy objectives. Therefore, the analysis of progress in each objective will highlight these major crises as follows:

3. Performance monitoring of IDP implementation

3.1. Performance of Objective 1 “Increase industrial activities”



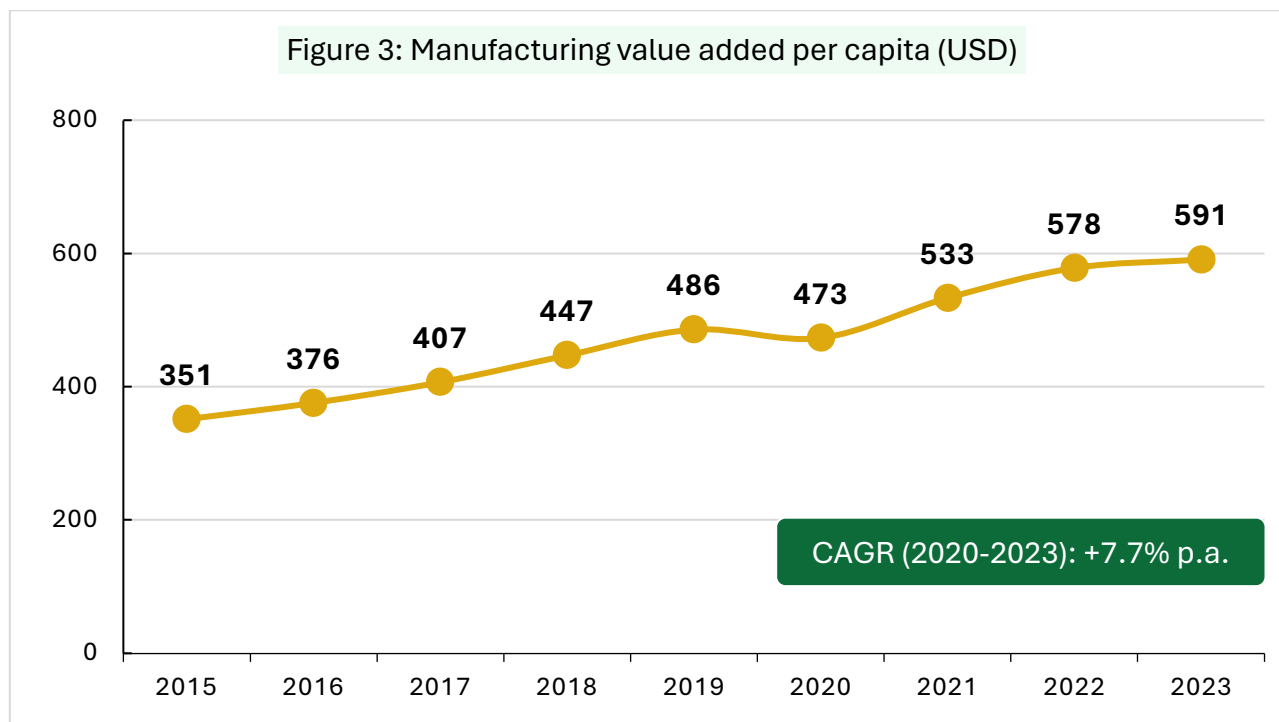
Data source: IDP Secretariat's calculation based on data from Ministry of Planning

Increasing industrial activities, especially industrial bases, can enhance the role of this sector in the economy and promote the structural transformation of the Cambodian economy. According to the MTR report, the Objective 1 “Increase industrial activities” was considered **“partially achieved”**. The assessment was made based on two indicators that are used to measure the level of industrialization: (1) industry value added per capita and (2) manufacturing value added per capita.

Noticeably, in 2020, the Covid-19 pandemic had a negative impact on Cambodia's industrial sector. The reduction in travel, slowdown in global demand and restrictions on cross-border freight activities disrupted the supply of production inputs to domestic industries and exports. This pushed production activities in this sector to the point of suspension or disruption, while delaying investment in new industrial clusters. Nevertheless, the recovery in global demand and the reopening of the country by the end of 2021 led to a gradual recovery in Cambodia's production activities. Meanwhile, despite the slowdown in global economic growth and the uncertainty of the global economic and political situation, the industrial sector continued to experience positive growth in 2022.

The industry value added per capita (Figure 2) steadily increased from about USD 780 in 2021 to about USD 856 in 2023, with a Compound Annual Growth Rate (CAGR) of 5.3% between 2020 and 2023, while the manufacturing value added per capita (Figure 3) rose from USD 533 in 2021 to approximately USD 591 in 2023, with a CAGR of 7.7% between 2020 and 2023.

3. Performance monitoring of IDP implementation



Data source: IDP Secretariat's calculation based on data of Ministry of Planning

This trend shows that the overall industrial sector, as well as the manufacturing sub-sector, is progressing well and is a sector that recovers rapidly after being affected by the Covid-19 pandemic and other crises. Simultaneously, the CAGR between 2020 and 2023 of the industrial sector as a whole (5.3%) grew at slower rate compared to that of the manufacturing sub-sector (7.7%). This was due to an increase in the added value of the manufacturing sector and a decrease in the added value of the construction sub-sector in the last three years, compared to 2020, resulting from severe negative impact from the Covid-19 pandemic and other crises. It should also be noted that the construction sub-sector is the second largest component in the industrial sector after the manufacturing sub-sector. This underscores the role of the manufacturing sub-sector as an important driving force in the development of the industrial sector, which is in line with the expectations of the IDP.

The policy objective 1 consists of four intervention areas, including: (1) increase domestic demand and import substitution, (2) increase industrial investment, (3) increase firm labor productivity and (4) increase firm technology. The performance of these four intervention areas are detailed in the appendix 1.

This policy objective consists of a total of 20 measures, of which 14 are completed, 4 are in progress, and 2 are delayed, as shown in the appendix 2.

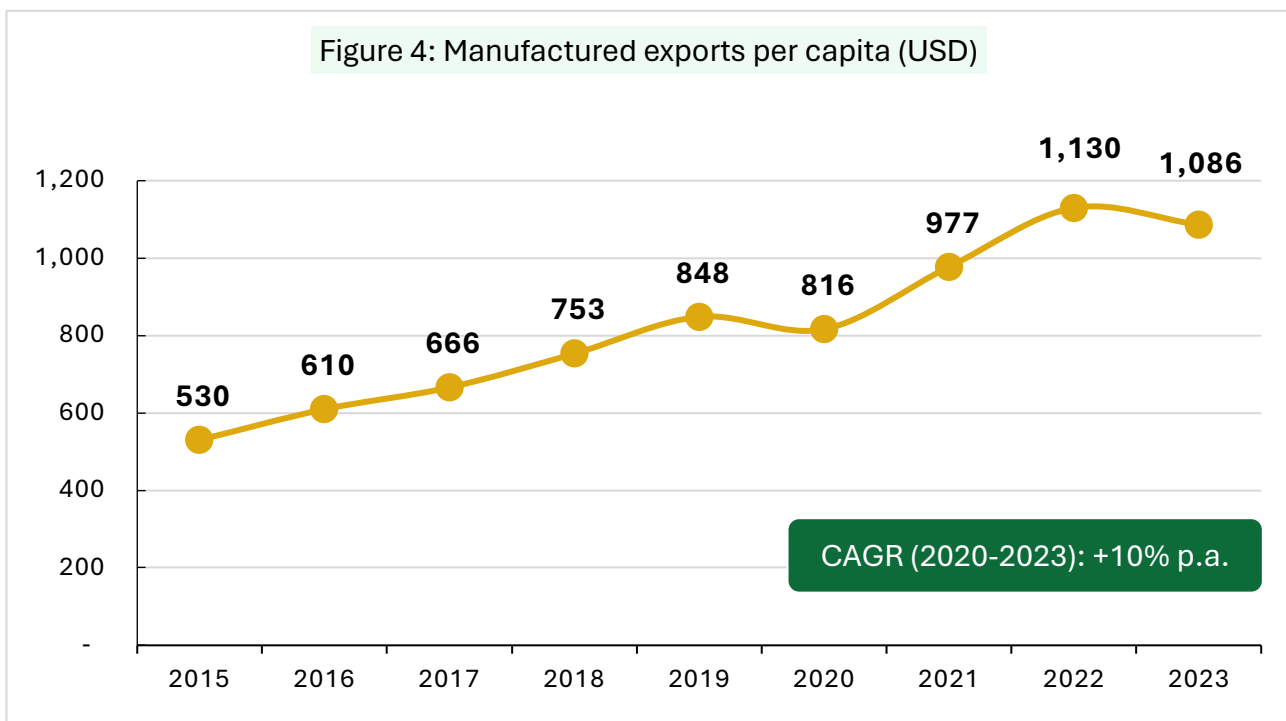
3.2. Performance of Objective 2 “Increase industrial and agro-industrial export”

Increasing exports of industrial and agro-industrial goods is an important factor in boosting domestic industrial activities, which will contribute significantly to the industrialization

3. Performance monitoring of IDP implementation

process. According to the MTR report, the objective 2 was considered “**largely achieved**” as manufactured exports per capita have steadily increased until 2019. The assessment was made based on two indicators that measure the export capacity of the Cambodian industrial sector, including: (1) manufactured exports per capita and (2) share of processed agricultural exports in total exports.

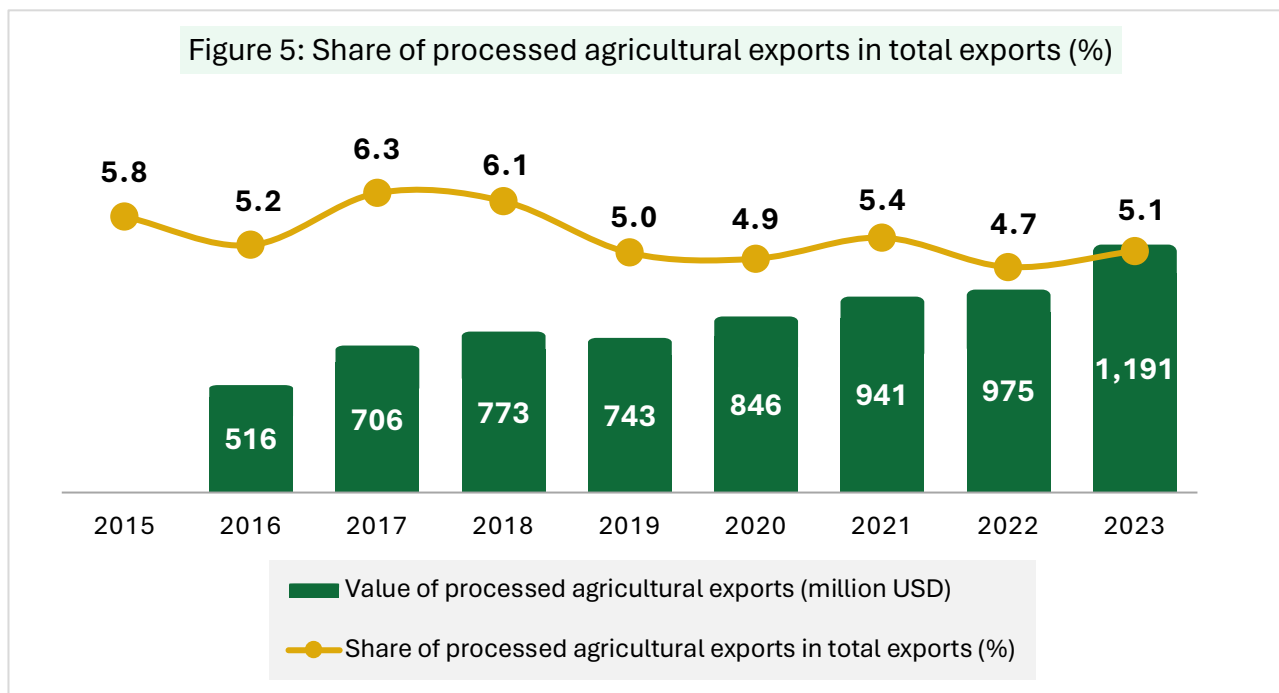
Nevertheless, the Covid-19 pandemic led to a sharp decline in demand from external markets, especially Cambodia's key export markets, resulting in an export decline in 2020, with the exception of processed agricultural products, which were the least affected sector by the crisis. However, the diminishing impacts of the crisis at the end of 2021, the improved global demand and the easing of restrictions from many countries, including Cambodia, led to a continuous recovery of industrial and agro-industrial exports.



Data source: IDP Secretariat's calculation based on data from WITS and Ministry of Planning

Figure 4 shows that manufactured exports per capita rose from about USD 977 in 2021 to about USD 1,130 in 2022 but decreased slightly to about USD 1,086 in 2023. The decline in manufactured exports per capita in 2023 was due to a decline in the volume of exports of garments, footwear and bags, resulting from the declining global demand. Nevertheless, the figures for the last three years surpassed those recorded before the Covid-19 pandemic. Simultaneously, the CAGR between 2020 and 2023 is around 10%, signaling a positive recovery in exports over the last three years following the impact of the Covid-19 pandemic.

3. Performance monitoring of IDP implementation



Data Source: General Department of Customs and Excise of Cambodia

Figure 5 shows that the volume of processed agricultural exports continued to grow between 2020 and 2023, with a CAGR of 12.1%, reaching about USD 1,191 million in 2023. Nevertheless, the share of processed agricultural exports in total exports fluctuated over the last three years, falling from 5.4% in 2021 to 4.7% in 2022, but recovering to 5.1% in 2023. This indicates that while the volume of processed agricultural exports steadily increased, exports of other sub-sectors experienced higher growth than this sub-sector.

The policy objective 2 consists of two intervention areas, namely: (1) increase export capacity of domestic firms/SMEs, and (2) improve industrial infrastructure and connectivity. The performance of these two intervention areas is detailed in the appendix 1.

This policy objective consists of a total of 28 measures, of which 16 are completed, 7 are in progress, and 5 are delayed, as indicated in the appendix 2.

3.3. Performance of Objective 3 “Economic resilience and diversification”

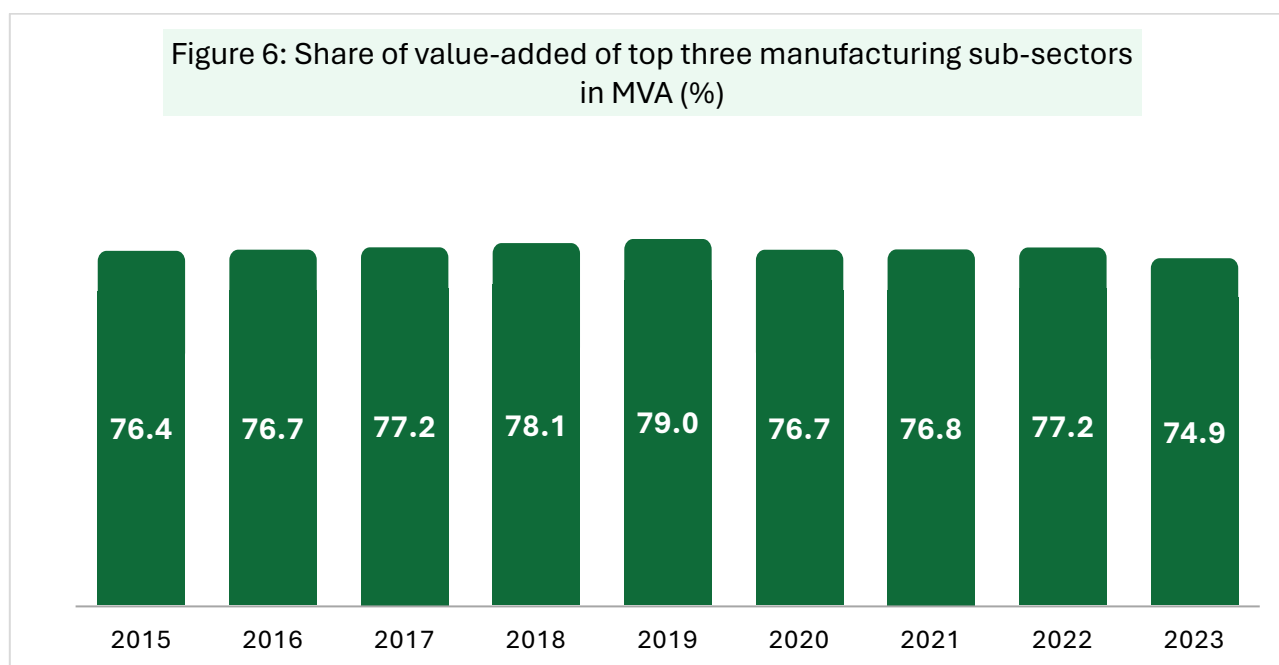
Economic diversification is considered an important strategy to promote sustainable development and economic resilience. The Covid-19 pandemic, geopolitical tensions and economic uncertainty underscore the necessity and urgent need for economic diversification to reduce vulnerabilities caused by external crises and ensure rapid economic recovery after the crisis.

In fact, as Covid-19 spread globally, some sectors in Cambodia that rely heavily on global demand and are susceptible to crises, particularly the garment sub-sector, were adversely affected. This is because of the increase in the number of factories that temporarily suspended

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operations or shut down entirely due to the declining global economic growth and weakened external demand. Diversifying into other activities, especially the non-garment manufacturing sub-sector, which has shown positive growth despite the Covid-19 pandemic, combined with market-opening negotiations with trading partners, will help Cambodia get through this difficult time and be able to recover quickly.

The MTR report indicates that the performance of objective 3 was considered “**partially achieved**”. This assessment is based on two indicators: (1) the share of value-added of top three manufacturing sub-sectors in value added of the manufacturing sector (MVA), which measured the overall concentration of added value in the manufacturing sector, and (2) the share of non-garment and footwear exports in total exports, which measured the diversification of export products.



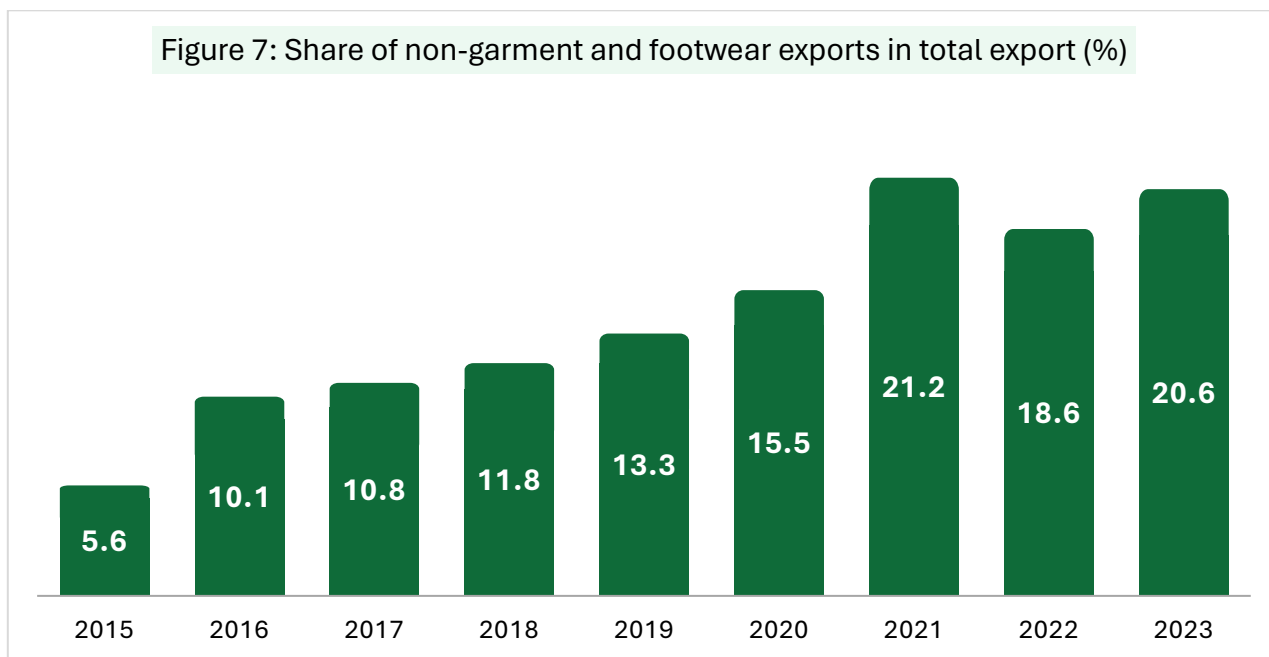
Data source: IDP Secretariat's calculation based on data from the Ministry of Planning

Note: Total MVA includes food, beverage and tobacco; textiles, clothing, footwear and leather products; wood, paper and printing; rubber; non-metallic products, metal products and furniture.

Based on the quantitative assessment, the share of value-added of top three manufacturing sub-sectors in MVA (Figure 6) fluctuated in the last three years. The share increased slightly from 76.8% in 2021 to 77.2% in 2022 but fell to 74.9% in 2023. The figures for the last three years were all lower than that in 2019, indicating that the concentration of added value in the manufacturing sector has been reduced.

Overall, the average value of this indicator from 2015 to 2023 remained high at around 77% per year. This suggests that Cambodia's manufacturing sector continues to be concentrated in a limited number of activities, as the production bases have not yet achieved significant diversification.

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Data source: General Department of Customs and Excise of Cambodia

Figure 7 shows that despite being affected by the Covid-19 pandemic, the share of non-garment and footwear exports in total export continued to rise from 15.5% in 2020 to 21.2% in 2021. Nevertheless, this share dropped to 18.6% in 2022 due to an increase in the volume of exports of garments and footwear products and other non-manufactured products. However, the share of non-garment and footwear exports in total export rebounded to 20.6% in 2023.

Overall, the share of non-garment and footwear exports in total export over the last three years exceeded levels seen in the pre-Covid 19 period, indicating positive progress of export product diversification.

The policy objective 3 has five intervention areas, including: (1) increase new industrial activities, (2) enhance the expansion and diversification of export markets and products, (3) rebalance between large companies and small and medium enterprises (SMEs), (4) increase industrial innovation, and (5) modernization of SMEs. The performance of these five intervention areas are detailed in the appendix 1.

This policy objective includes a total of 43 measures, of which 26 are completed, 11 are in progress, and 6 are delayed, as shown in the appendix 2.

3.4. Performance of Objective 4 “Improve quality of employment”

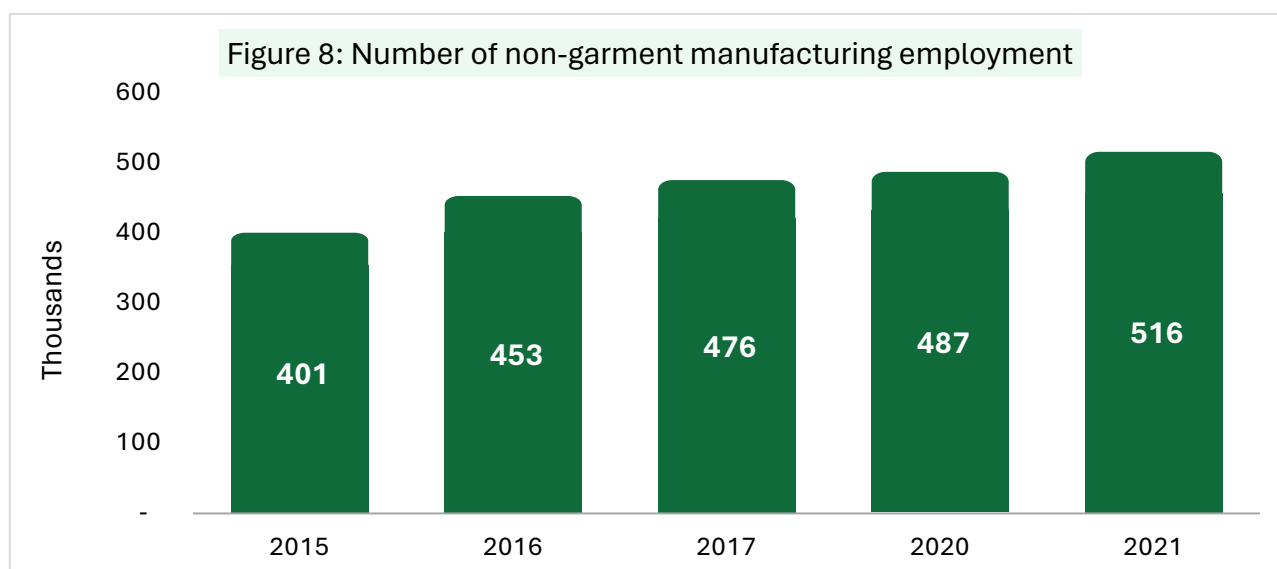
Workers are an important pillar of the production factor in Cambodia's industrial sector. Improving the quality of employment can accelerate Cambodia's progress towards achieving the IDP vision of “transforming and modernizing Cambodia's industrial structure from a labor-intensive industry to a skill-based industry by 2025” because high-quality employment will provide more opportunities for workers to increase skills and income levels, which will

3. Performance monitoring of IDP implementation

contribute to increased productivity, economic growth as well as enhancing equality and social cohesion.

According to the MTR report, the objective 4 was considered “**largely achieved**” due to the increase in the number of employments in the industrial and non-garment manufacturing sectors. This result is assessed based on two indicators: (1) number of non-garment manufacturing employment and (2) share of industrial employment in total employment. Both indicators measure the progress of job creation in the industrial sector and non-garment manufacturing industries as industrial sector is generally regarded as offering good working conditions. Therefore, an increase in the number of jobs in this sector could serve as a foundation for improving the overall quality of employment in Cambodia.

In the context of the Covid-19 pandemic, improving the quality of employment related to occupational safety, including promotion of preventive measures by companies, enterprises and the Royal Government to reduce the Covid-19 outbreak; adequate vaccination and timely treatment helped to reduce health risks of workers and enabled some companies and enterprises to resume production. Nevertheless, the suspension or disruption of production caused by the reduction of orders from external markets still occurred and had a negative impact on employment in some industrial activities. After the decline of the Covid-19 pandemic, which led to the reopening of the country and the rise in global demand, activities in the industrial and manufacturing sectors gradually recovered, as indicated in the Objective 1 of this report. This recovery also had a positive impact on employment.



Data Source: Estimation made by Ministry of Labor and Vocational Training based on Cambodia Socio-Economic Survey 2015-2021

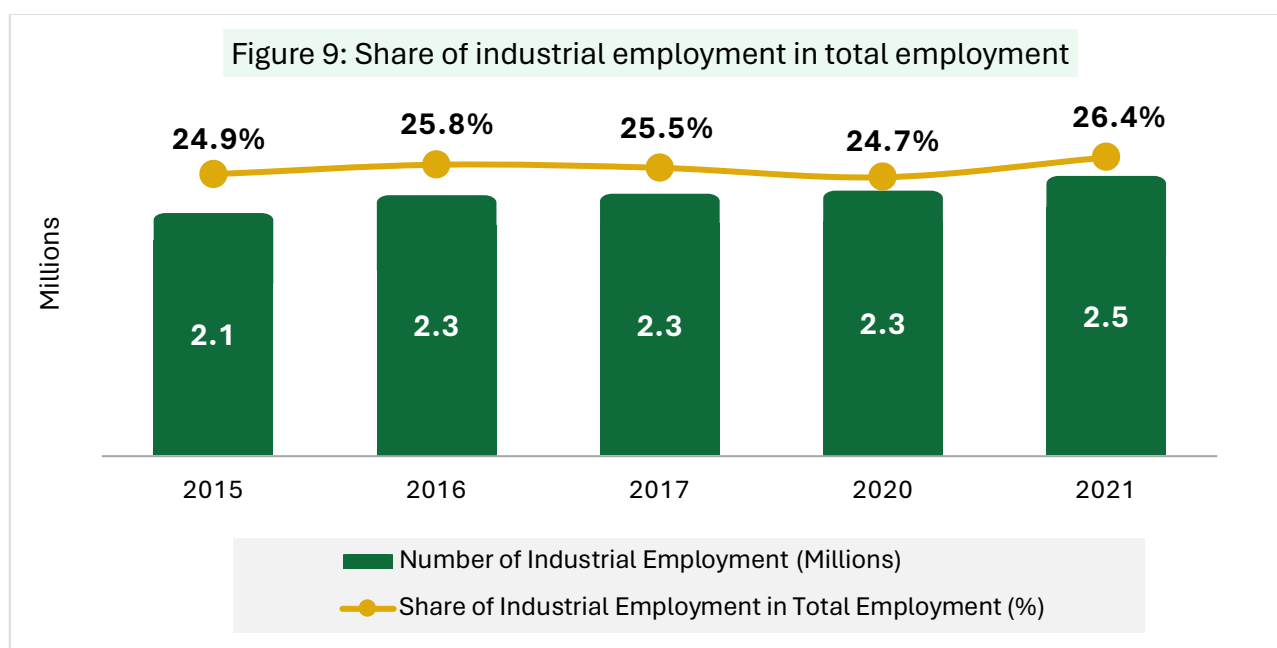
Note: The survey was not conducted in 2018, and the data for the 2020 survey were collected from the second semester of 2019 to the first semester of 2020

Figure 8 illustrates the positive trend of job creation in the non-garment manufacturing sector. Despite the impacts of the Covid-19 pandemic, global economic uncertainty and other

3. Performance monitoring of IDP implementation

challenges, the number of employments in the non-garment manufacturing sector rose steadily from about 487 thousand jobs in 2020 to about 516 thousand jobs in 2021. Simultaneously, the number of jobs in industrial sector (Figure 9) increased from about 2.3 million in 2020 to about 2.5 million in 2021, with the share of industrial employment rising from 24.7% to 26.4% in the same year. This indicates the recovery of the industry as a whole, which has been able to absorb more labor into the sector over the period.

However, data for 2022 and 2023 are not available, and as a result, the performance of Objective 4 could not be reported.



Data Source: Estimation made by Ministry of Labor and Vocational Training based on Cambodia Socio-Economic Survey 2015-2021

Note: The survey was not conducted in 2018, and the data for the 2020 survey were collected from the second semester of 2019 to the first semester of 2020

The policy objective 4 consists of five intervention areas, including: (1) skill and human resource development, (2) increase skilled-labor demand, (3) improve industrial relations, (4) improve job matching, and (5) improve working conditions. The performance of these five intervention areas is detailed in the appendix 1.

This policy objective consists of a total of 32 measures, of which 30 are completed, 1 is in progress, and 1 is delayed, as shown in the appendix 2.

3.5. Performance of Objective 5 “Maximize domestic benefit”

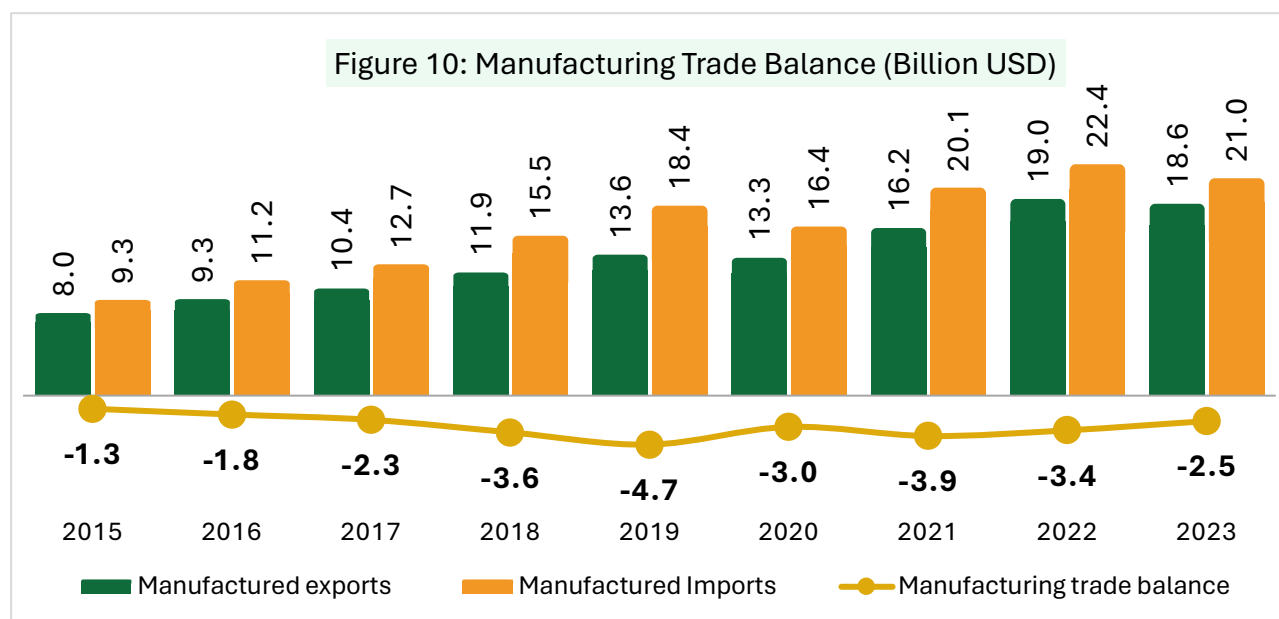
Maximizing domestic benefits will contribute significantly to achieving sustainable growth. Objective 5 can be realized by strengthening linkages between domestic and foreign enterprises (tech-transfer), improving national value chain and increasing domestic ownership.

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This objective becomes even more crucial, especially in mitigating the long-term impacts caused by various crises. In fact, in 2021, the COVID-19 pandemic brought catastrophic impacts on manufacturing sector, leading to disruption in regional and global supply chains. Meanwhile, as the effects of the crisis diminished in 2022, new challenges posed by the Russia-Ukraine war and other crises continue to emerge, leading to disruptions in production supply, rising energy prices, higher transportation and logistics costs, as well as heightened financial tensions. In this regard, strengthening the national value chain, and increasing local productive capacities to stimulate the supply of production inputs to large domestic manufacturing firms can help alleviating the pressure caused by disruptions in regional and global supply chains, as well as reducing reliance on foreign imports and the risks posed by the introduction of restricted measures on essential export products during a crisis. This allows local firms to continue producing manufactured products to meet domestic demand and export without being adversely affected by external factors, especially the global crisis.

Nevertheless, the industrial sector in Cambodia still relies heavily on large enterprises, whose production inputs are mostly not supplied by local suppliers. In fact, Survey on Business Conditions of Japanese Companies Operating Overseas (Asia and Oceania) in 2021 and 2022, conducted by the Japan External Trade Organization (JETRO), shows that Japanese companies in Cambodia used less than 10% of domestic raw materials and parts, while more than 90% of them were imported.

The MTR report reveals that the performance of objective 5 was considered as having “**limited achievement**”, highlighting the need for greater focus on increasing domestic production capacity, especially for manufactured products. The performance of the objective 5 is measured using indicator “Manufacturing Trade Balance”.



Data source: WITS

3. Performance monitoring of IDP implementation

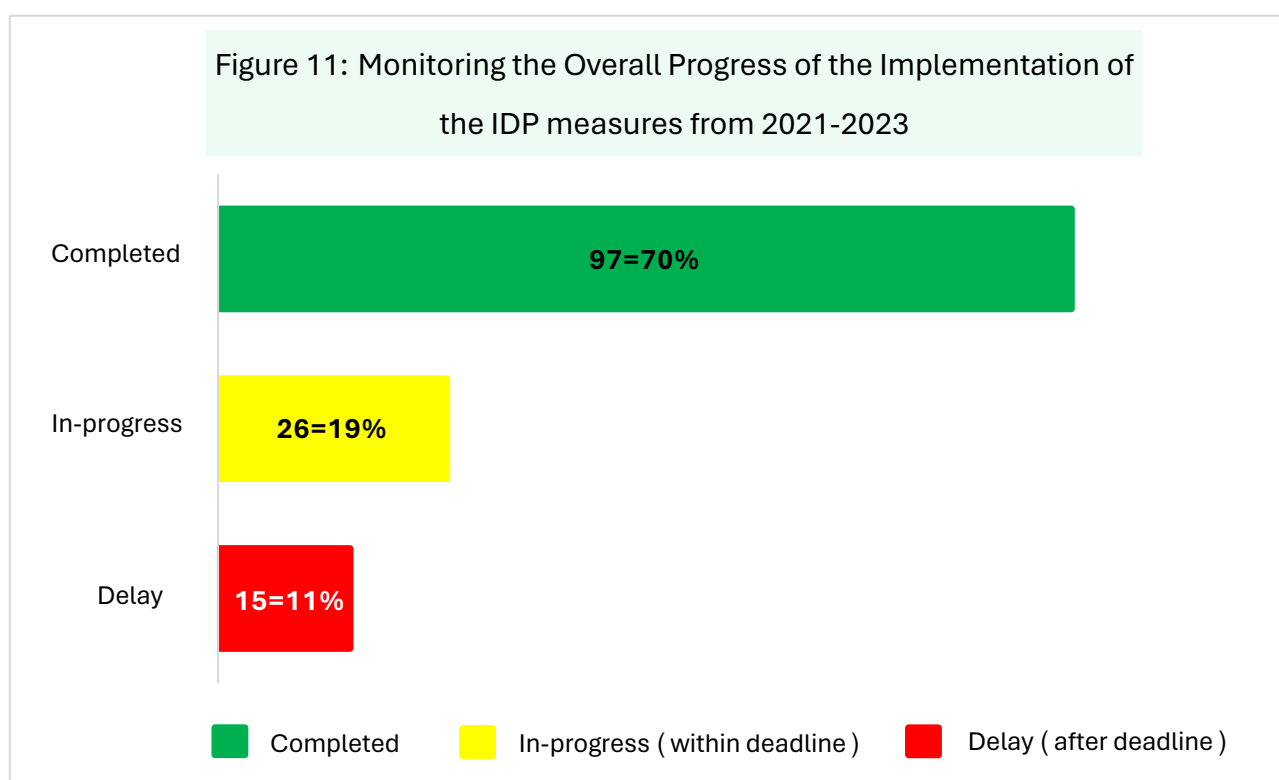
Figure 10 illustrates that between 2020 and 2023, manufacturing imports and exports grew at CAGR of 9% and 12%, respectively, with exports growing at faster pace than imports. Manufactured imports and exports increased in both 2021 and 2022, while the manufacturing trade deficit dropped from around USD 3.9 billion in 2021 to around USD 3.4 billion in 2022. This indicates that domestic production capacity appeared to be improving, as the manufacturing trade balance declined and export growth outpaced import growth. Nevertheless, local production capacity still could not meet the growing demand for consumption and manufactured inputs required for production.

On the other hand, manufactured imports and exports in 2023 decreased, while manufacturing trade deficit fell to roughly USD 2.5 billion in 2023, mainly due to a sharper drop in imports compared to exports. This could be the consequences of a slowdown in economic activities caused by global economic uncertainty as well as the decline in global demand.

The policy objective 5 consists of four intervention areas such as 1) increase linkages between domestic and foreign enterprises tech-transfer, (2) strengthen national value chain, (3) increase domestic ownership, and (4) increase local agricultural processing for domestic and export market. The performance of these four intervention areas is detailed in the appendix 1.

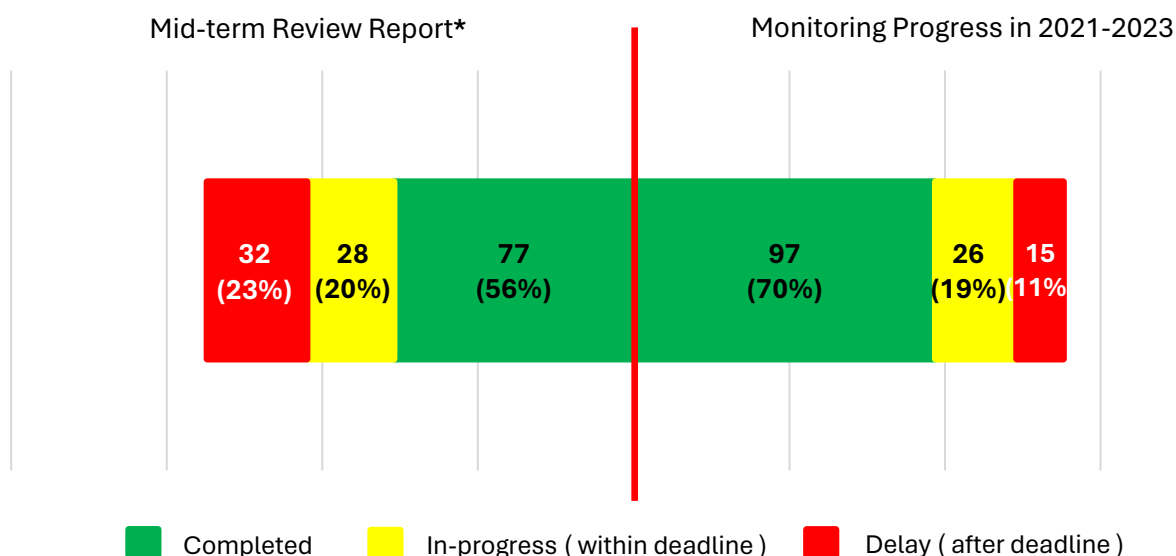
This policy Objective has a total of 8 measures, 4 of which are completed, 3 are in progress, and 1 is delayed, as shown in the appendix 2.

3.6. Monitoring the overall progress of the implementation of the IDP measures from 2021-2023



4. Challenges and risks

Figure 12: Comparison of the overall progress of the implementation of the IDP measures



*In the MTR, one of the measures under Objective 3 does not have information on the progress “expedite the preparation of regulatory framework and measures for the development of sciences, technology and innovation”, and according to the IDP, it is under the Ministry of Planning. As for the monitoring from 2021 to 2023, this measure has sufficient information for the progress, and it has been transferred to the Ministry of Industry, Science, Technology and Innovation, to report.

The monitoring results of the implementation of the IDP measures show that among 138¹ policy measures (and the supporting sub-measures) put forth in the IDP, 97 main/sub-measures are completed, equivalent to 70%; 26 are in-progress at 19% and 15 are delayed, equivalent to 11%. Compared to the MTR report, the completed main/sub-measures increased by 20, and in-progress and delayed measures decreased by 2 and 17 respectively. The 15 delayed measures as well as the in-progress main/sub-measures are highlighted in detail in annex 3 and 4. It should be noted that among the completed main/sub-measures, there are 7 general main/sub-measures related to general fiscal administration, enhancing the public financial system and public investment programs for industrial development, and strengthening the monitoring for the implementation of investment projects, which impact all objectives of the IDP.

4. Challenges and risks

4.1. Challenges in report preparation

The data collection of key indicators for the Progress Report on the implementation of IDP 2021-2023 remains a challenge for the IDP Secretariat of the CDC. The same situation was

¹ To provide comprehensive information on the implementation aspects of some measures, especially measures that are multi-purpose or cross-sectoral, ministries and institutions have broken down measures into sub-measure with more than 1. Thus, a total of 138 main/sub-measures were monitored.

4. Challenges and risks

encountered for the preparation of the MTR report, which was approved by the Cabinet in December 2021.

The main issues in collecting this data include:

- Data provision from national sources was overdue
- The provided data are inconsistent with the data previously received for the Mid-Term Review, which requires confirmation from the relevant ministries and institutions
- Delay in updating of international data sources such as WITS and ILO

The lack of and inconsistency in the above data and information make the results of the analysis of Cambodia's industrial sector's development status incomplete.

4.2. Challenges in report preparation

Notably, the IDP implementation from 2021 to 2023 encountered several challenges, including the COVID-19 pandemic, a shortage of human resources and budget to implement certain policy measures, and the failure to establish new targets for some key indicators.

The COVID-19 pandemic has severely affected Cambodia's industrial sector, especially the manufacturing sub-sector, due to transportation and logistics constraints and disruptions in the supply of certain factors of production, such as raw materials and labor.

Continuing to be implemented from 2021, new targets for some indicators have not been set yet, as the National Accounts and International Data Sources (WITS) have changed their base years from 2000 to 2014 and 2015, respectively, resulting in some indicators in this report differing from those in the MTR report. In particular, the targets outlined in the IDP document are based on the baseline year prior to 2014. This affects the conclusion of the analysis of the performance of the IDP implementation, as those targets no longer correspond to the actual performance (figures, data, and indicators used in the new base years 2014 and 2015).

In this regard, setting new target of key indicators is a priority before assessing the final results at the end of the mandate in 2025. For instance, resources such as human resources and budget support should be supplemented to promote the effective implementation of IDP policies. For example, the linkage and alignment of policy actions with the priorities of relevant ministries and institutions, as well as the provision of sufficient resources to implement these plans under the responsibility of the respective ministries and institutions, are also necessary.

4.3. Risks

Along with the challenges in preparing the report and implementing IDP in 2021-2023, as mentioned above, there is emergence of a number of risks and current regional and global trends that can affect and pose risks to the industrial sector in Cambodia, especially the manufacturing sub-sector, including geopolitical and economic tensions, the dismantling of

4. Challenges and risks

supply chains, digitalization in the industry, demographic change, climate change, promotion of green economy, and graduation from LDC.

Geopolitical and economic tensions

Geopolitical and economic tensions, including the protracted Russia-Ukraine war, the prolonged Middle East conflict, trade and technology wars between superpowers, and the continued tightening of monetary policy in developed countries, especially the United States, have been undermining international security, multilateralism, globalization and global financial stability. These tensions have led to a global energy crisis and inflation and have been pushing for protectionism and deglobalization and turning to regionalism. This has made the global economy uncertain and affected investors' decisions to invest and/or expand investment projects, as well as affected trade flows and production supply chains.

In this context, this risk may continue to have a negative impact on Cambodia, a small country in general and the Cambodian industry in particular. Nevertheless, every problem and obstacle always embodies opportunity. Cambodia, for example, has been proactively preparing to seize the benefits and opportunities that may emerge by adhering to the principles of **“mutually beneficial international cooperation and based on the rule of law”** and **“multilateralism and promoting international trade openness”** as well as launching new approaches and strategies for socio-economic development, including the Pentagonal Strategy-Phase 1 and relevant standards, aiming to achieve sustainable and inclusive development. Cambodia has also continued to put in place and implement series of relevant policies to address the challenges of global financial changes while maintaining the stability of prices and finance in the country.

Simultaneously, in order to improve the business and investment environment in Cambodia, the Royal Government has introduced 11 major reform measures in the 19th Government-Private Sector Forum, including (1) improving the business and investment environment, (2) easing the burden on compliance, (3) facilitating business under the tax jurisdiction, (4) trade facilitation under the jurisdiction of customs, (5) promoting transportation and infrastructure, (6) rehabilitation and promotion of tourism development, (7) development of agriculture and agro-industry, (8) banking and finance sectors, (9) mining and energy sectors, (10) construction and real estate, and (11) other issues. This reflects the high commitment of the Head of the Royal Government, who has always considered the private sector as an important partner and the engine of national economic growth, taking into account the requests and challenges of the private sector by examining, resolving and intervening in them.

Dismantling the supply chain of production

This global trend is the result of the impacts of the COVID-19 pandemic and geopolitical and economic tensions on the industrial sector, especially the manufacturing sub-sectors. In fact, the negative impacts of the COVID-19 pandemic and the US-China trade war, as well as rising

4. Challenges and risks

production and labor costs in China, a global manufacturing hub, are urging multinational corporations to adjust their supply chain plans for the short and medium-term to developing countries, especially ASEAN countries, with more competitive labor costs, better infrastructure and good investment policies, and have turned to diversification of supply chains based on dual or multiple sourcing strategies to serve its production activities. Those diversification strategies include:

- Moving parts of the supply chain to the production base in the country of origin (Reshoring)
- Deeper involvement in the regional supply chain
- Shifting some or all of the supply chains to friendly countries (Friend-shoring).

For example, a large influx of investment into Asia (about 40%) will be driven by investment from China and is likely to be attracted by countries such as Cambodia, the Philippines and India, which are among the top 10 countries with the highest investment prospects for 2024 (according to FDI Standout Watchlist 2024 of fDi Intelligence of Financial Times). In this regard, Cambodia has seized various opportunities emerging from this trend by maintaining high competition to attract investment, especially investment in the industrial sector that provides high-added value to the Cambodian economy.

Digitalization in industry

Another new wave of global trends is gradually entering Cambodia: the Fourth Industrial Revolution. This new wave has been gradually penetrating the Cambodian industrial sector as well. Based on the optimal scenario, digitalization and digitization will provide more opportunities for developing countries in terms of productivity, economic efficiency, economic diversification, competitiveness, as well as promoting sustainable and inclusive development and social welfare. Based on the worst-case scenario, developing countries may not be able to keep up with developed countries because their industries are still dependent on intensive labor, education is still limited, and the number of medium- and high-skilled workers is still small, requiring more investment in digital human capital.

Additionally, digitalization may also lead to structural unemployment among unskilled or low-skilled workers, potentially affecting their livelihoods. Larger digital gaps could also have a negative impact on overall socio-economic development. Nevertheless, Cambodia has been actively preparing to develop policies, strategies, roadmaps and relevant legal standards aimed at promoting science, technology, engineering and mathematics (STEM) education. In this context, Cambodia should also carefully consider the risks to seize the opportunity and avoid falling into the worst-case scenario by transferring, adapting and enhancing technology, digital innovation, trust in the digital environment and digital safety and increasing investment in technology capital, especially data infrastructure connecting technology and networks/data, to ensure that Cambodia can advance to the Fourth Industrial Revolution.

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Demographic changes

The ageing population in some emerging economies, especially China and Japan, has negatively impacted the growth potential of the region and caused some industrial activities, especially labour-intensive industries, to flow into developing countries with young demographics, high labour force and highly competitive wages such as Cambodia, Vietnam and India. Nevertheless, the readiness to capture the influx of investment from developed countries facing the threat of growing ageing populations alone is not enough, so we need to have much more skilled workforce training to capture the influx of high-tech and high-value-added industries. In this sense, the strengthening of skills training in educational institutions and technical and vocational training institutes, the promotion of existing enterprises to use the Skills Development Fund to provide training to their staff and through other means, such as digital skills training, is essential to promote on-the-job skills training in line with current and future job market needs and directions.

Climate change and promoting green economy:

Industrialization is one of the main reasons for the serious impact on the environment, which contributes to climate change. Nevertheless, over the past two decades, regional and global dialogues on environment and climate change have intensified. A number of countries, including Cambodia, have put in place policies and measures to help reduce greenhouse gas emissions and promote climate resilience, including:

- Promoting the transition of energy from the use of fossil fuels to clean energy sources, as well as promoting the use of renewable energy technologies and the implementation of energy efficiency programs.
- Implementing Market Price Guarantee Agreement for Renewable Energy Production (Feed-in Tariff)
- Investment in the development of green and climate-resilient infrastructure
- Green economy, green investment, green transport infrastructure and logistics, green financing, green innovation, green technology and green energy
- Reducing the use of plastic bags and hazardous substances that harm the environment, and promoting the development of wastewater treatment systems.
- Promoting the implementation of 3R principles, including Reduce, Reuse and Recycle in the production chain
- Promoting the production and use of environmentally friendly means of transportation
- Rationalization of tax revenue bases, subsidies and issuance of green bonds
- Payment for Ecosystem Services
- Implementation of Environmental Impact Assessment (EIA), Environmental, Social and Governance Standards (ESG) and Renewable Portfolio Standards (RPS) such as solar and wind energy and biomass...etc.

4. Challenges and risks

As of today, the Royal Government of Cambodia has developed several policies and measures in response to these issues, which have encouraged Cambodia to utilize clean energy to the tune of 60% today and aim to reach 70% by 2030. Recently, the Royal Government of Cambodia has issued the **Code on Environment and Natural Resources**, which compiles and synthesizes the provisions of laws and regulations in force with respect to the environment and natural resource sector in line with the development of the new Cambodian society and strengthening of the rule of law towards a new stage on the sustainable path. In addition, “**the long-term strategy on Carbon Neutrality and Circular Strategy on Environment Sector 2023-2028**” is also a testament to the Royal Government of Cambodia's commitment to the Paris Agreement on Climate Change. Nevertheless, the Royal Government of Cambodia and relevant stakeholders in the Cambodian industrial sector must set out and implement policies and principles in addition to climate change issues and promotion of green economic development, including green transport and logistics infrastructure such as inland waterway transport, the Funan Techo canal project, railways and wastewater treatment systems, to contribute to climate change mitigation, promoting environment protection and sustainable and inclusive development towards achieving the target of the Royal Government on carbon neutrality by 2050.

Graduating from LDC:

This graduation from LDC status could lead to Cambodia losing trade preferences in the US markets under the Generalized System of Preferences (GSP) and in the EU markets under the Everything But Arms Scheme (EBA). In addition, the graduation would also deprive Cambodia of trade preferences under the GSP (LDC-Specific Schemes), financial benefits, technical assistance, and membership in international agreements and communities. Although Cambodia has recently intensified FTA negotiations within bilateral and multilateral frameworks (ASEAN, ASEAN + 1, RCEP, etc.), the loss of trade preferences for the US, EU, and other markets under the general preferential system for least developed countries poses an unavoidable risk for the Cambodian industry due to:

- Cambodia's export base relies heavily on a limited number of commodities and markets (the US and EU) without significant integration into regional trade networks.
- The implementation of free trade agreements by the private sector remains limited.
- Cambodia's export base to its FTA partners is limited, as they also compete for exports to the US and the EU.

This risk may continue to impact the flow of investment and trade in Cambodia's industrial sector, as access to the US and EU markets, which are the large market for Cambodia under preferential conditions, has been crucial for attracting investment and has served as a catalyst for trade in the past. In this regard, opening up markets through more free trade agreement negotiations, deepening connectivity to regional and global supply chains, and promoting industrial diversification are priority options to reduce trade vulnerabilities. In addition,

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increasing the negotiation force, and opening up markets and reopening negotiations with the United States and the European Union are important factors to maintain competitiveness for exports to both markets. Furthermore, strengthening the favorable environment for trade, business, and investment is essential to enhance economic competitiveness and investment attractiveness in international markets, which are becoming increasingly competitive and have higher requirements, allowing Cambodia to graduate from the LDC smoothly.

5. Conclusion and way forwards

The 2021-2023 Progress Report on the Implementation IDP utilizes key tools for the accurate and clear monitoring and evaluation framework, including Intervention Logic, Log-frame, and the Reporting Template Format, as used in the MTR Report. In the meantime, to ensure a comprehensive analysis, the report also uses a variety of approaches, including quantitative and qualitative methods, focusing on the performance achieved at the strategic level (the policy objectives) as well as a brief summary of the progress of the implementation of measures, challenges and risks of policy implementation.

The monitoring of the implementation of the IDP in 2021-2023 primarily relies on the analysis of indicators identified in the 5 IDP objectives although there are a small number of indicators, which data is unavailable for the final year (2023). Regarding the implementation of policy measures, it appears that of all the measures put in place by the IDP (and supporting sub-measures), 97 measures and sub-measures have been completed (an increase of 20 measures compared to the MTR), accounting for 70%, with only a small number of measures being in progress and delayed. In fact, the performance of most of the IDP policy objectives have shown positive progress, with the exception of the Objective 3, “a resilient and diversified economy” and the Objective 5, “maximizing domestic benefits”, the results of the measures implementation are still limited. Overall, the implementation of the IDP measures has improved significantly, although Cambodia has been affected by the COVID-19 pandemic, geo-political tensions, threats to free trade, global economic uncertainty, and some regional conflicts that could directly or indirectly affect Cambodia. This shows the Royal Government's attention and effective and timely prevention measures to implement the key measures set out for economic recovery after the COVID-19 pandemic, especially strict measures in the industrial and manufacturing sectors.

Along with the positive progress, the implementation of the IDP in 2021-2023 has also faced a number of challenges, such as the community outbreak event in Cambodia, the 20th February 2021, which has led to the introduction of strict closure measures that have had a significant impact on the Cambodian industry, especially the manufacturing sector. Simultaneously, the lack of human resources and funding remains a major challenge that threatens the scope and effectiveness of the policy implementation. In addition, a number of key indicators have not yet set new targets, as some ministries and institutions have revised the baseline year used to calculate the indicators data, leading to gap in the analysis of the policy implementation. In

5. Conclusion and way forwards

this regard, Cambodia needs to double its efforts to turn these crises into opportunities, as well as to be proactive in seizing the benefits and opportunities, especially the capture of investment and business that could flow out of conflict areas, trade, political instability, and shifting regional supply chains to Cambodia by improving the business and investment environment.

In response to potential challenges and risks, Cambodia must pay attention to establishing and promoting green investment, transport infrastructure and green logistics, such as the Inland Waterway system, the Funan Techo Canal Project, railways and wastewater treatment systems, green financing and green interactions, all of which are catalysts for promoting the diversification and development of the industry and the economy. These efforts will also help enhance Cambodia's productivity and competitiveness to ensure sustainable, inclusive and resilient economic development. In addition, in line with new global trend of the Fourth Industrial Revolution, Cambodia must embrace digital transformation to foster growth, create new economic growth leverage and adapt to emerging global contexts, while mitigating the negative impact of digital technologies.

For the way forwards, the Royal Government will continue to adhere to the proactive approach to ensure maximum efficiency and scope in the policy implementation, as well as continue to monitor and evaluate the implementation of the IDP at the end of this policy term as a basis to inform the appropriate policy in the future. In this sense, the CDC as an institution that coordinates and promotes the implementation of the IDP will continue to work more closely with relevant ministries, institutions and development partners to prepare timely and better progress reports. Concurrently, the relevant ministries and institutions must continue to strengthen the implementation of the policy measures that the relevant ministries and institutions are responsible for, as defined in the IDP. For the way forward, CDC will cooperate with the relevant ministries and institutions to organize workshops to disseminate the Progress Report on the IDP implementation 2021-2023 more widely, as well as to promote the implementation of the remaining measures to achieve the expected results.

APPENDICES

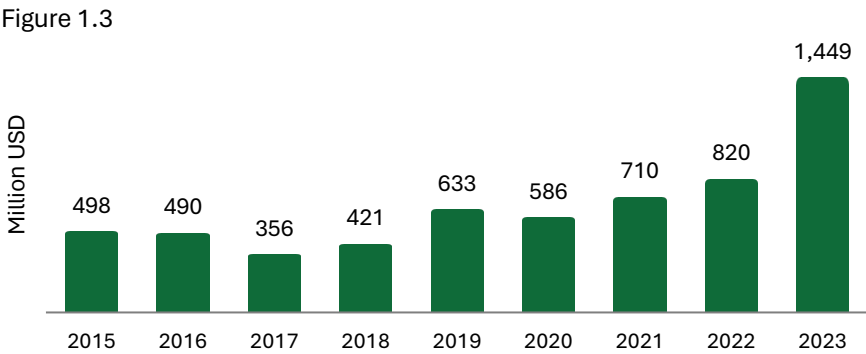
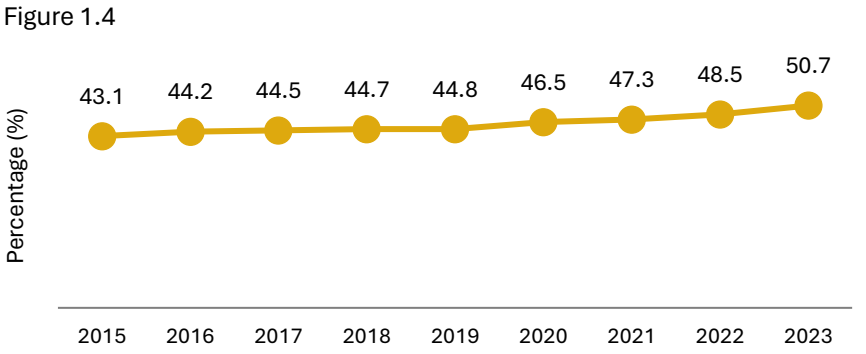
Appendix 1: Summary Table of the Performance in the Intervention Area and the Implementation of the Policy Measures

I. Performance in the intervention area and the implementation of policy measures of the IDP Objective 1 “Increase Industrial Activities”

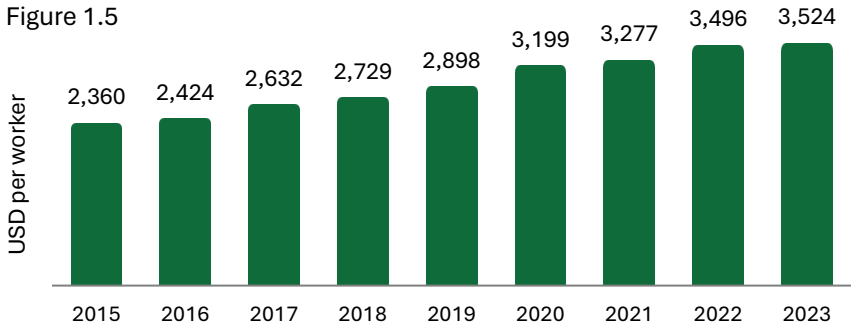
Intervention Area 1.1: “Increase domestic demand and import substitution”																						
Implementation	This intervention area has no clear policy measures set out in IDP.																					
Performance	1. Ratio of manufacturing import to total MVA	<div>Figure 1.1</div> <table><thead><tr><th>Year</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>2015</td><td>175</td></tr><tr><td>2016</td><td>194</td></tr><tr><td>2017</td><td>201</td></tr><tr><td>2018</td><td>219</td></tr><tr><td>2019</td><td>235</td></tr><tr><td>2020</td><td>212</td></tr><tr><td>2021</td><td>215</td></tr><tr><td>2022</td><td>230</td></tr><tr><td>2023</td><td>208</td></tr></tbody></table> <div>Source: WITS and Ministry of Planning</div>	Year	Percentage (%)	2015	175	2016	194	2017	201	2018	219	2019	235	2020	212	2021	215	2022	230	2023	208
Year	Percentage (%)																					
2015	175																					
2016	194																					
2017	201																					
2018	219																					
2019	235																					
2020	212																					
2021	215																					
2022	230																					
2023	208																					

Intervention Area 1.2: “Increase Industrial Investment”																						
Implementation	This intervention area has a total of 17 measures and sub-measures. As for the implementation progress from 2021-2023, 14 measures were completed , achieving four more measures compared to the MTR; two measures are in progress while six delayed measures fell to only one measure in the MTR.																					
Performance	1. The value of domestic private investment in the industrial sector	<div>Figure 1.2</div> <table><thead><tr><th>Year</th><th>Million USD</th></tr></thead><tbody><tr><td>2015</td><td>1,653</td></tr><tr><td>2016</td><td>2,102</td></tr><tr><td>2017</td><td>2,386</td></tr><tr><td>2018</td><td>2,870</td></tr><tr><td>2019</td><td>3,201</td></tr><tr><td>2020</td><td>3,342</td></tr><tr><td>2021</td><td>3,096</td></tr><tr><td>2022</td><td>3,809</td></tr><tr><td>2023</td><td>4,029</td></tr></tbody></table> <div>Source: Ministry of Industry, Science, Technology and Innovation</div>	Year	Million USD	2015	1,653	2016	2,102	2017	2,386	2018	2,870	2019	3,201	2020	3,342	2021	3,096	2022	3,809	2023	4,029
Year	Million USD																					
2015	1,653																					
2016	2,102																					
2017	2,386																					
2018	2,870																					
2019	3,201																					
2020	3,342																					
2021	3,096																					
2022	3,809																					
2023	4,029																					

Intervention Area 1.2: “Increase Industrial Investment”

Performance	2. FDI inflow in the manufacturing sector	<p>Figure 1.3</p>  <p>Source: National Bank of Cambodia</p>
	3. Share of durable equipment in gross fixed capital formation (GFCF)	<p>Figure 1.4</p>  <p>Source: Ministry of Planning</p>

Intervention Area 1.3: “Increase Firm Labor Productivity”

Implementation	<p>This intervention area has only one measure that is still in progress. Compared to the MTR, no progress has been made in this intervention area.</p>	
Performance	1. Industrial labor productivity in Cambodia	<p>Figure 1.5</p>  <p>Source: Calculation of the Secretariat based on WDI and International Labour Organization data</p> <p>Note:</p> <ul style="list-style-type: none"> The total employment data in the industrial sector of International Labour Organization from 2015 to 2021 were extracted from the Household Socio-Economic Survey and Labour Force Survey. As for data from 2022 to 2023, they are estimated figures by International Labour Organization (International Labour Organization -Modelled Estimates).

Intervention Area 1.4: “Increase Firm Technology”

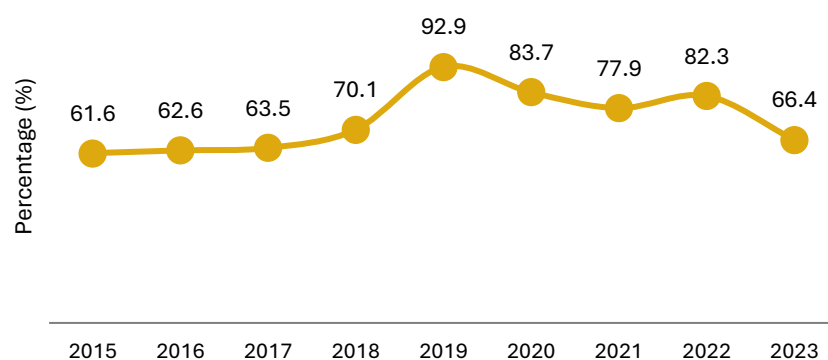
Implementation

This intervention area has **two measures**. **One of them** is still **in progress**, and the **other one is delayed**. Compared to the MTR, no progress has been made in this intervention area.

Performance

1. Ratio of capital goods import to total MVA

Figure 1.6



Source: Calculation of the Secretariat based on WITS and WDI data

II. Performance in the intervention area and the implementation of policy measures of the IDP Objective 2: “Increase Industrial and Agro industrial Export”

Intervention Area 2.1: “Increase Export Capacity of Domestic Firm/SMEs”

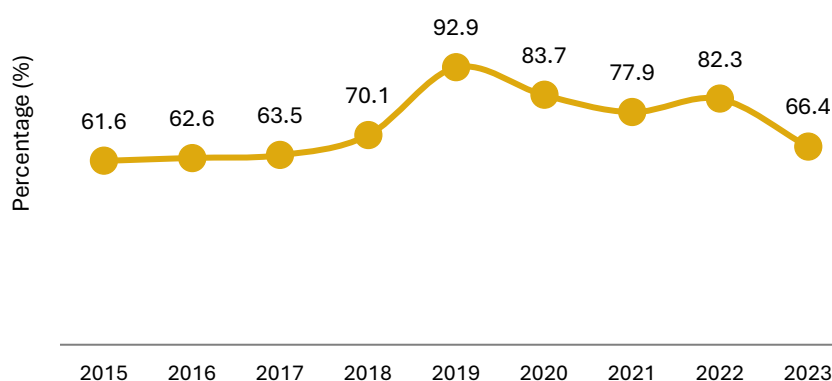
Implementation

This intervention area has **two measures**. **One of them** is still **in progress**, and the **other one is delayed**. Compared to the MTR, no progress has been made in this intervention area.

Performance

1. Share of manufacturing export SMEs in total number of manufacturing SMEs

Figure 1.7

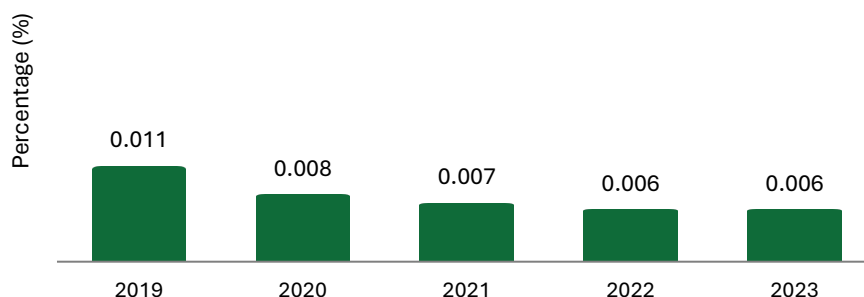


Source: Ministry of Industry, Science, Technology and Innovation

Intervention Area 2.1: “Increase Export Capacity of Domestic Firm/SMEs”

2. Share of manufacturing exports by SMEs in total exports.

Figure 1.8



Source: Calculation of the Secretariat based on data from the Ministry of Industry, Science, Technology and Innovation, and the Ministry of Economy and Finance

Intervention Area 2.2: “Improve Industrial Infrastructure and Connectivity”

Implementation

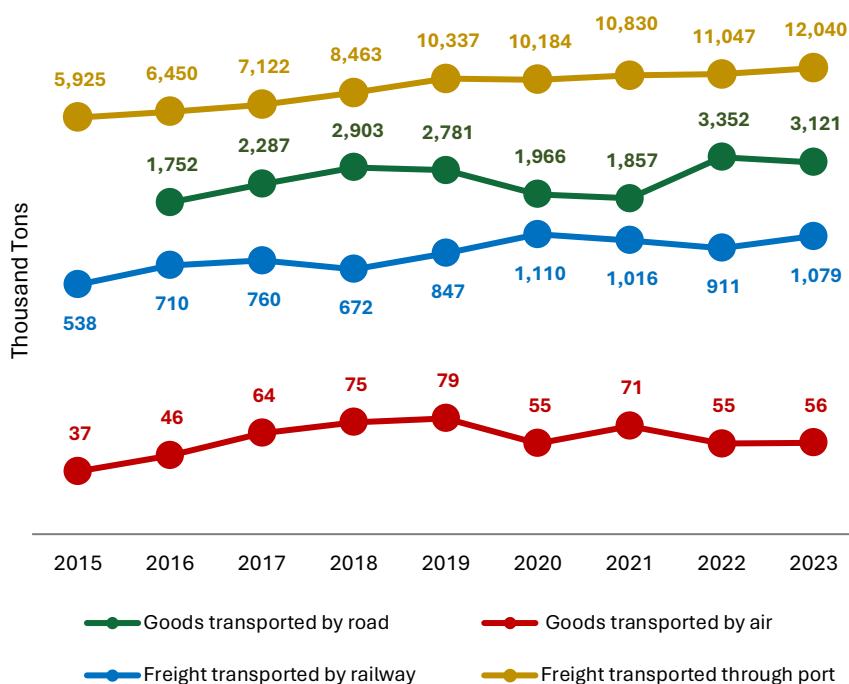
This intervention area has 25 measures and sub-measures. **14 measures are completed**, increasing one measure compared to the MTR. **The in-progress measures** fell from eight to seven. There has been no progress in the **four delayed measures**.

Performance

1. Volume of goods/freight transported by all modes of transportation

Figure 1.9

Volume of goods transported by each mode of transportation



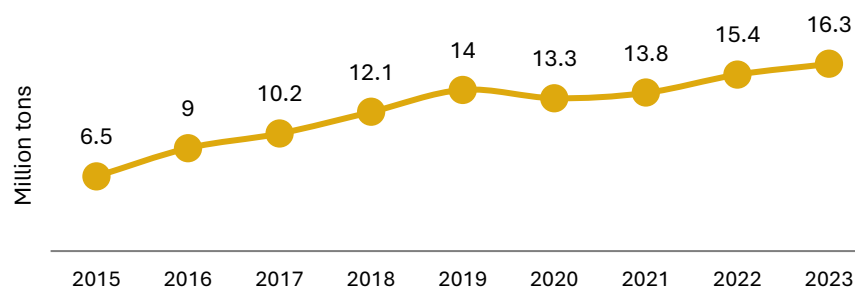
Source:

- Ministry of Public Works and Transport (Volume of goods/freight transported by land, railways and ports)
- State Secretariat of Civil Aviation (Volume of air cargo)

Intervention Area 2.2: “Improve Industrial Infrastructure and Connectivity”

Figure 1.10

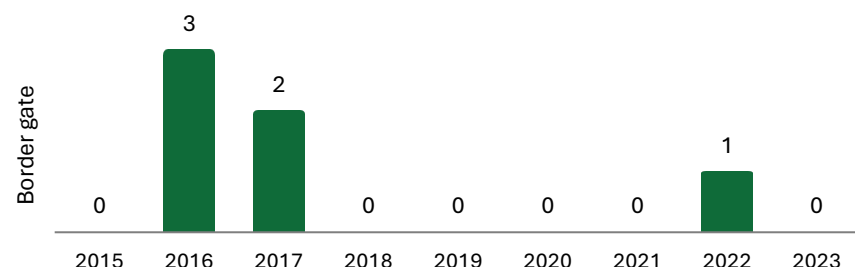
Aggregated volume of goods transported by all modes of transportation



Source: Calculation of the Secretariat based on the data of Ministry of Public Works and Transport and the State Secretariat of Civil Aviation

Figure 1.11

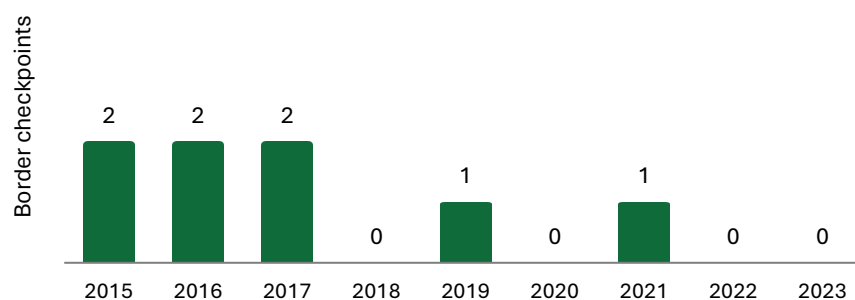
2. Number of officially established border checkpoints



Source: Ministry of Interior

Figure 1.12

3. Number of border checkpoints with upgraded capacity in line with neighboring countries'

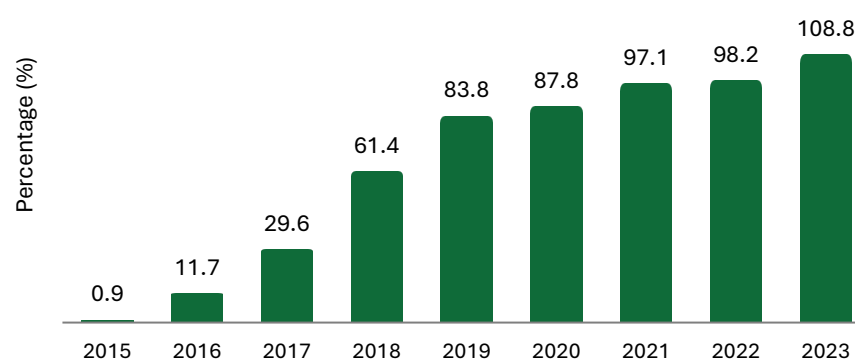


Source: Ministry of Interior

Performance

4. Rate of high-speed internet users (per 100 people)

Figure 1.13

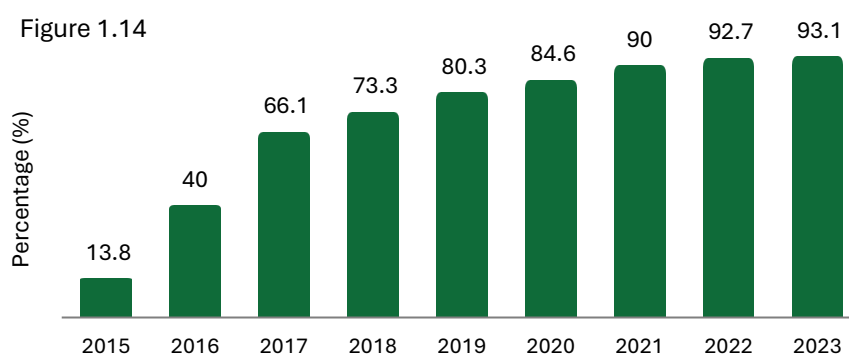


Source: Ministry of Post and Telecommunications

Intervention Area 2.2: “Improve Industrial Infrastructure and Connectivity”

5. High-speed internet coverage in populated areas

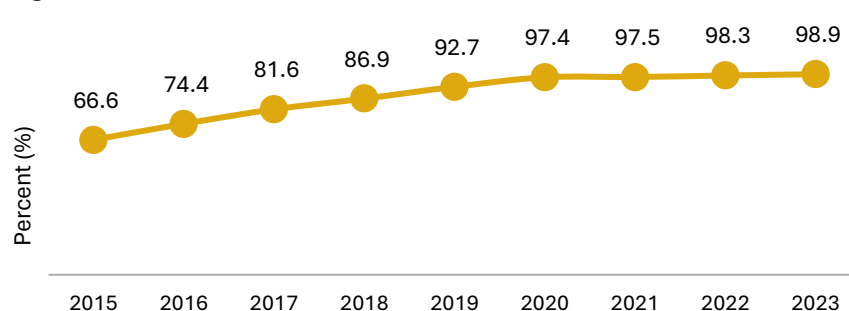
Figure 1.14



Source: Ministry of Post and Telecommunications

6. Index of villages receiving electricity supply

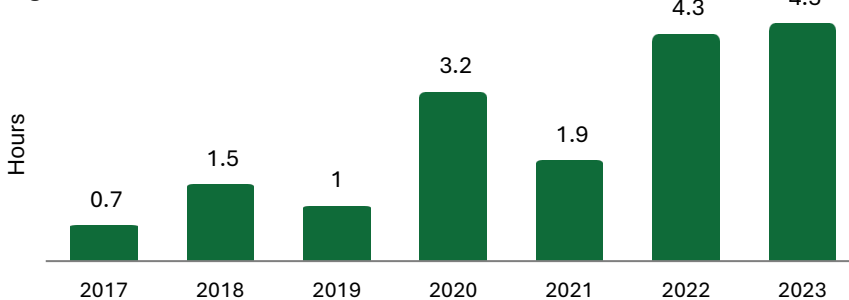
Figure 1.15



Source: Ministry of Mines and Energy, Electricity Authority of Cambodia and Electricity of Cambodia

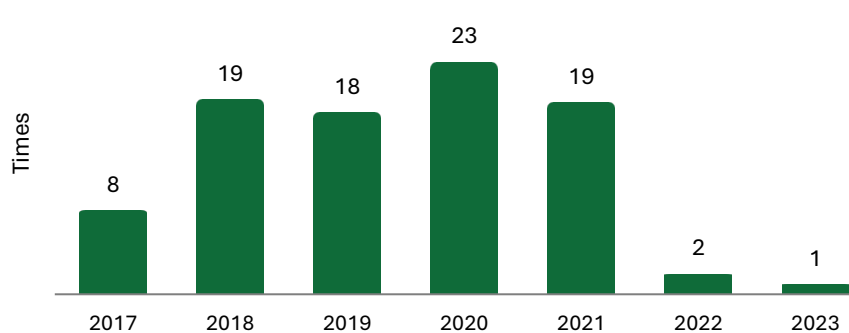
7. Frequency and duration of power outages in all SEZs

Figure 1.16



Source: Ministry of Mines and Energy, Electricity Authority of Cambodia and Electricity of Cambodia

Figure 1.17



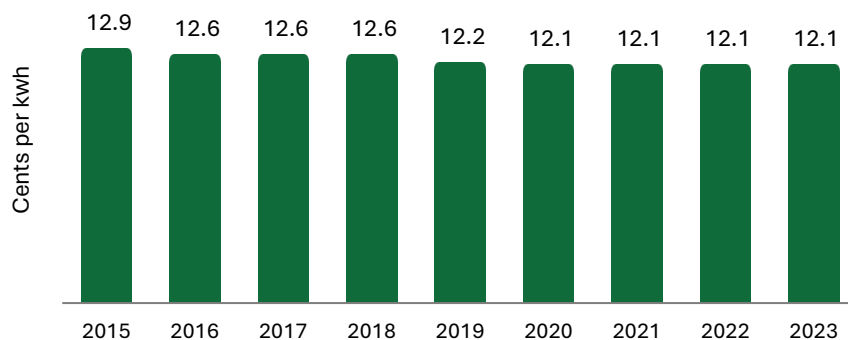
Source: Ministry of Mines and Energy, Electricity Authority of Cambodia and Electricity of Cambodia

Intervention Area 2.2: “Improve Industrial Infrastructure and Connectivity”

Performance

8. Price of electricity purchased from substations

Figure 1.18

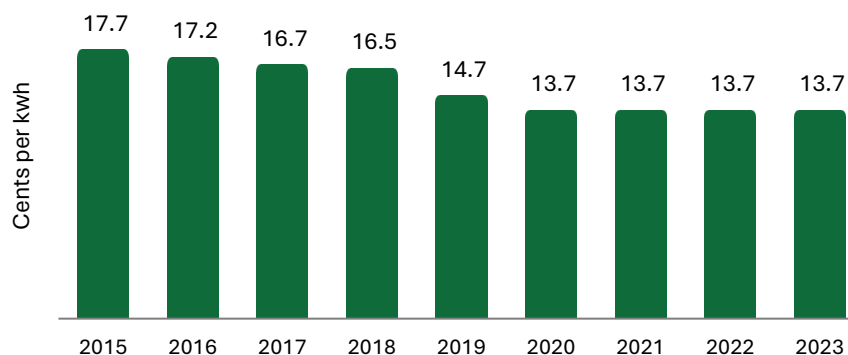


Source: Ministry of Mines and Energy, Electricity Authority of Cambodia and Electricity of Cambodia

Note: Between 2019 and 2023, the purchase price from the substations varies between Phnom Penh and the provinces. Prices from 2019 to 2023 shown in the figure above are for the provinces. The price in Phnom Penh was 13.5 cents /kWh in 2019 and from 2020 to 2023, 13.2 cents/kWh, which is higher than the prices in the provinces, due to additional charges from independent power producers to maintain a stable electricity supply in Phnom Penh. When there is insufficient power from the national grid, independent power producers will fill the power gap to supply Phnom Penh.

9. Electricity price from main lines of Phnom Penh and Kandal province

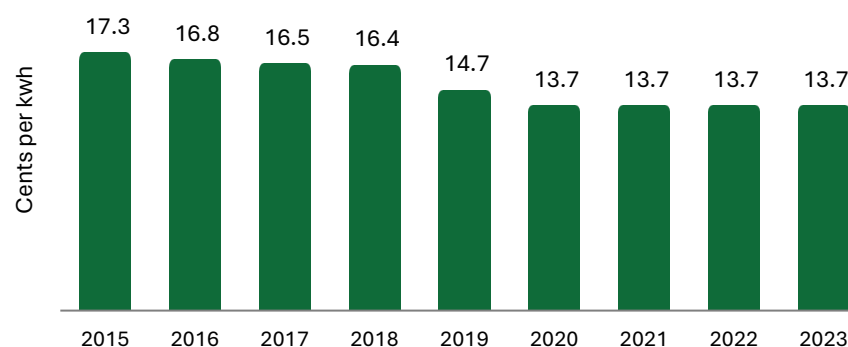
Figure 1.19



Source: Ministry of Mines and Energy, Electricity Authority of Cambodia and Electricity of Cambodia

10. Electricity price from main lines in other provinces

Figure 1.20



Source: Ministry of Mines and Energy, Electricity Authority of Cambodia and Electricity of Cambodia

III. Performance in the intervention area and the implementation of policy measures of the IDP Objective 3 : “ Economic Resilience and Diversification”

Intervention Area 3.1: “Increase New Industrial Activities”																									
Implementation	This intervention area has a total of four measures. As for the implementation from 2021-2023, three measures are completed , and one measure is in progress . Compared to the MTR, there has been an increase of one completed measure. There is no any delayed measure.																								
Performance	1. Number of newly registered companies and manufacturing enterprises	<p>Figure 1.21</p> <table><tr><th>Year</th><th>Number of newly registered companies and manufacturing enterprises</th></tr><tr><td>2015</td><td>5,921</td></tr><tr><td>2016</td><td>3,611</td></tr><tr><td>2017</td><td>6,775</td></tr><tr><td>2018</td><td>9,056</td></tr><tr><td>2019</td><td>13,547</td></tr><tr><td>2020</td><td>8,007</td></tr><tr><td>2021</td><td>7,607</td></tr><tr><td>2022</td><td>10,601</td></tr><tr><td>2023</td><td>11,954</td></tr></table> <p>Source: Ministry of Commerce</p>	Year	Number of newly registered companies and manufacturing enterprises	2015	5,921	2016	3,611	2017	6,775	2018	9,056	2019	13,547	2020	8,007	2021	7,607	2022	10,601	2023	11,954			
	Year	Number of newly registered companies and manufacturing enterprises																							
	2015	5,921																							
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2017	6,775																								
2018	9,056																								
2019	13,547																								
2020	8,007																								
2021	7,607																								
2022	10,601																								
2023	11,954																								
2. Number of exported products	<p>Figure 1.22</p> <table><tr><th>Year</th><th>Number of exported products</th></tr><tr><td>2015</td><td>1,178</td></tr><tr><td>2016</td><td>1,228</td></tr><tr><td>2017</td><td>1,285</td></tr><tr><td>2018</td><td>1,239</td></tr><tr><td>2019</td><td>1,311</td></tr><tr><td>2020</td><td>1,301</td></tr><tr><td>2021</td><td>1,390</td></tr><tr><td>2022</td><td>1,310</td></tr><tr><td>2023</td><td>1,489</td></tr></table> <p>Source: WITS</p> <p>Note: Although the Secretariat has extracted data from the same source, WITS, the above data are different from the data in MTR.</p>	Year	Number of exported products	2015	1,178	2016	1,228	2017	1,285	2018	1,239	2019	1,311	2020	1,301	2021	1,390	2022	1,310	2023	1,489				
Year	Number of exported products																								
2015	1,178																								
2016	1,228																								
2017	1,285																								
2018	1,239																								
2019	1,311																								
2020	1,301																								
2021	1,390																								
2022	1,310																								
2023	1,489																								
3. Number of exported manufacturing products	<p>Figure 1.23</p> <table><tr><th>Year</th><th>Manufacturing products in the base year</th><th>New manufacturing products</th></tr><tr><td>2017</td><td>468</td><td>287</td></tr><tr><td>2018</td><td>624</td><td>159</td></tr><tr><td>2019</td><td>783</td><td>103</td></tr><tr><td>2020</td><td>684</td><td>292</td></tr><tr><td>2021</td><td>754</td><td>178</td></tr><tr><td>2022</td><td>647</td><td>303</td></tr><tr><td>2023</td><td>798</td><td>239</td></tr></table> <p>Source: General Department of Customs and Excise of Cambodia, Ministry of Economy and Finance</p>	Year	Manufacturing products in the base year	New manufacturing products	2017	468	287	2018	624	159	2019	783	103	2020	684	292	2021	754	178	2022	647	303	2023	798	239
Year	Manufacturing products in the base year	New manufacturing products																							
2017	468	287																							
2018	624	159																							
2019	783	103																							
2020	684	292																							
2021	754	178																							
2022	647	303																							
2023	798	239																							

Intervention Area 3.2: “Enhance the Expansion and Diversification of Export Markets and Products”

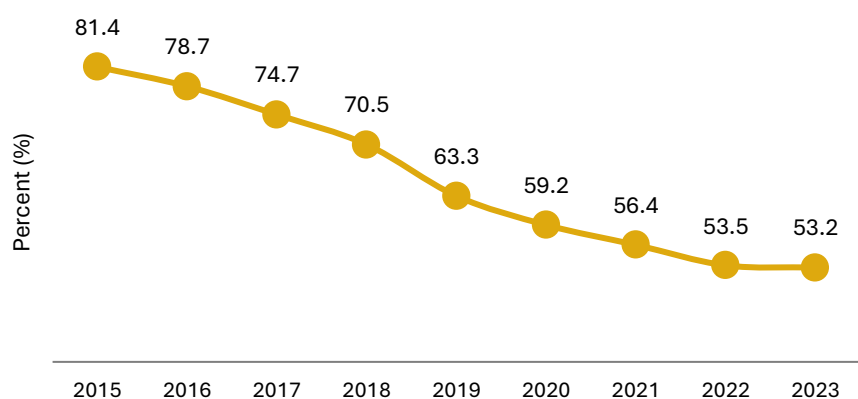
Implementation

This intervention area has **a total of nine measures** which were **all completed** from 2021-2023. This is an excellent progress. One in-progress measure and two delayed measures in MTR are all completed.

Performance

1. Share of top five manufacturing products exported in total manufacturing exports

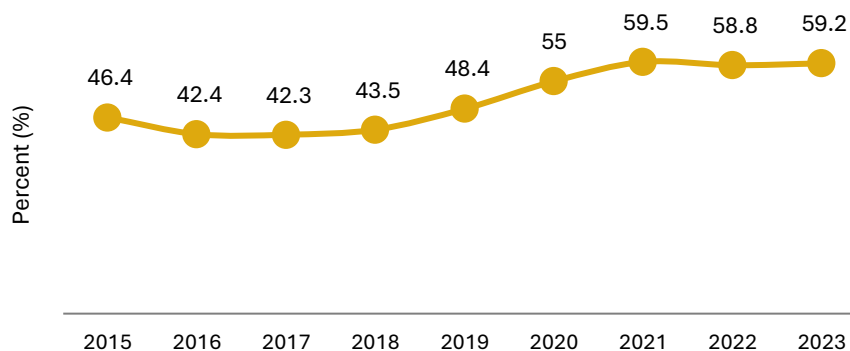
Figure 1.24



Source: WITS

2. Share of top three manufacturing exported markets in total manufacturing exports

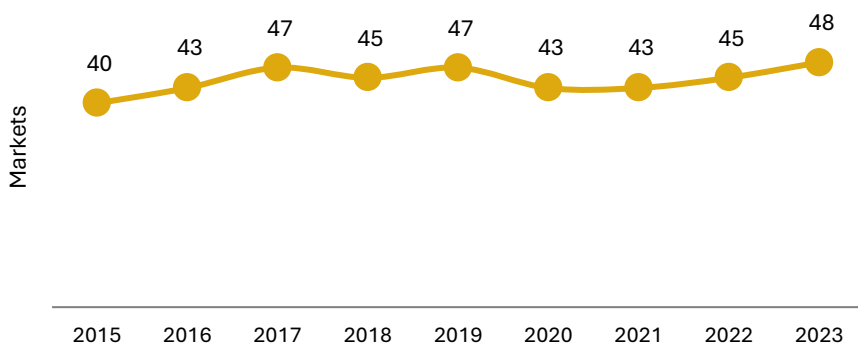
Figure 1.25



Source: WITS

3. Number of export markets above the threshold of USD 10 million worth of export value

Figure 1.26



Source: WITS

Intervention Area 3.3: “Rebalance between Large Companies and SMEs”

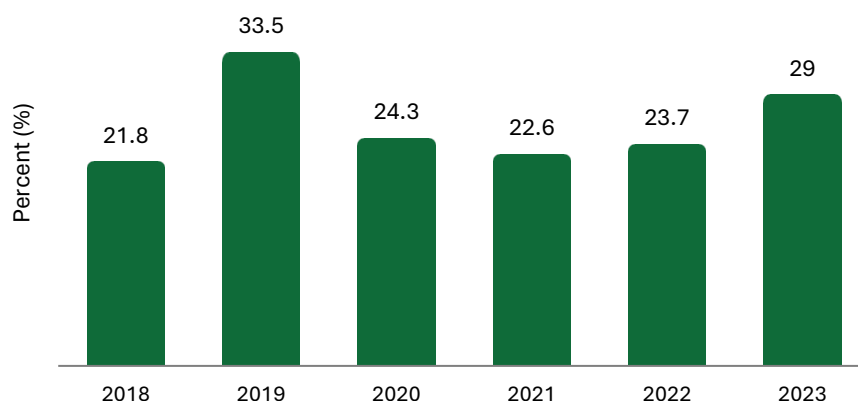
Implementation

This intervention area has a total of four measures. **Two measures are completed**, and **one measure is in progress**, and **another one is delayed**. Compared to the MTR, there has been no progress between 2021 and 2023.

Performance

1. Share of employment created by SMEs in total industrial employment

Figure 1.27



Source: Ministry of Labour and Vocational Training

Intervention Area 3.4: “Increase Industrial Innovation”

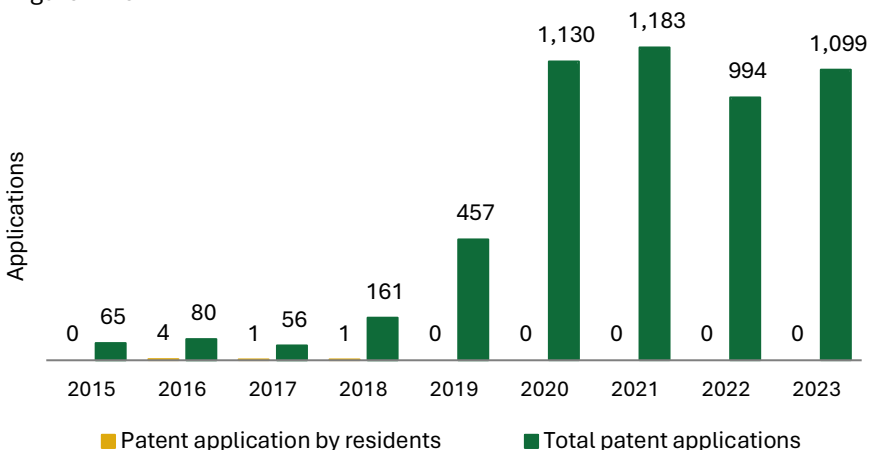
Implementation

This intervention area has a total of 17 measures and sub-measures. **Seven measures are completed**, **nine measures are in progress**, and **four measures are delayed**. Please note that in MTR, only 16 measures were reviewed because one of the measures (*“promote designing a policy framework...science, technology and innovation”*, Annex D, Page 14 of IDP) does not have data for the review. As this measure does not have sufficient information for the 2021-2023 review, the measure has been included in this intervention area. This measure is still in progress. There has been no progress for other measures.

Performance

1. Number of patent applications

Figure 1.28

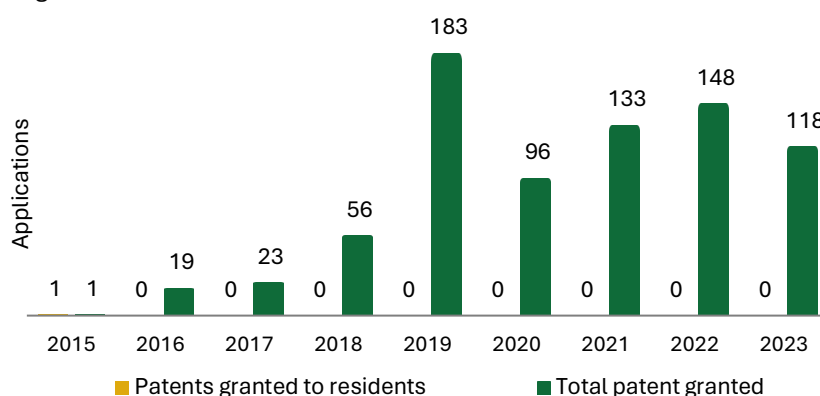


Source: Ministry of Industry, Science, Technology and Innovation

Intervention Area 3.4: “Increase Industrial Innovation”

2. Number of patents granted

Figure 1.29



Source: Ministry of Industry, Science, Technology and Innovation

Intervention Area 3. 5: “Modernization of SMEs”

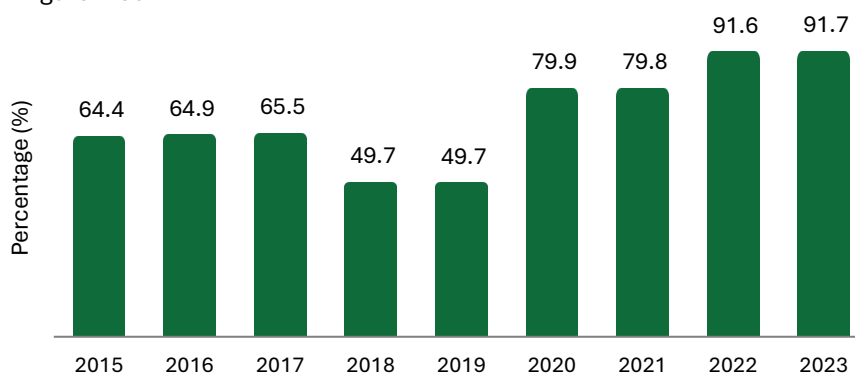
Implementation

This intervention area has a total of nine measures. **Seven measures are completed, increasing five measures. Two delayed measures have decreased from four measures, compared to MTR.**

Performance

1. Registration rate of small enterprises

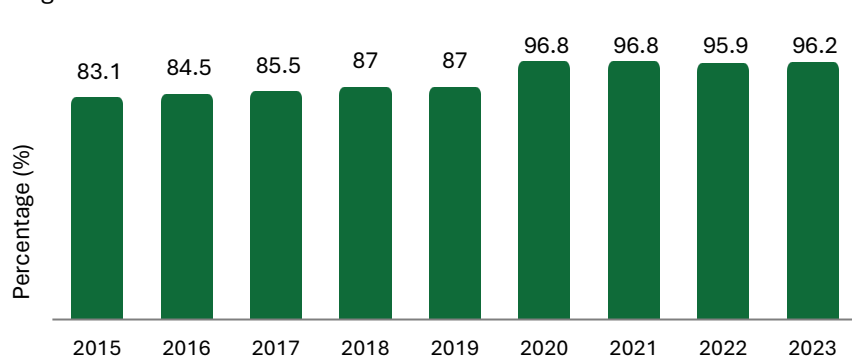
Figure 1.30



Source: Ministry of Industry, Science, Technology and Innovation

2. Registration rate of medium enterprises

Figure 1.31



Source: Ministry of Industry, Science, Technology and Innovation

Intervention Area 3. 5: “Modernization of SMEs”																				
	3. Registration rate of large enterprises	<p>Figure 1.32</p> <table><tr><th>Year</th><th>Percentage (%)</th></tr><tr><td>2016</td><td>96</td></tr><tr><td>2017</td><td>98</td></tr><tr><td>2018</td><td>98</td></tr><tr><td>2019</td><td>98</td></tr><tr><td>2020</td><td>98.6</td></tr><tr><td>2021</td><td>98.6</td></tr><tr><td>2022</td><td>98.6</td></tr><tr><td>2023</td><td>99</td></tr></table> <p>Source: Ministry of Industry, Science, Technology and Innovation</p>	Year	Percentage (%)	2016	96	2017	98	2018	98	2019	98	2020	98.6	2021	98.6	2022	98.6	2023	99
	Year	Percentage (%)																		
2016	96																			
2017	98																			
2018	98																			
2019	98																			
2020	98.6																			
2021	98.6																			
2022	98.6																			
2023	99																			
	4. Rate of small enterprises holding simplified account books	<p>Figure 1.33</p> <table><tr><th>Year</th><th>Percentage (%)</th></tr><tr><td>2016</td><td>13</td></tr><tr><td>2017</td><td>14.9</td></tr><tr><td>2018</td><td>15.7</td></tr><tr><td>2019</td><td>18.8</td></tr><tr><td>2020</td><td>18.5</td></tr><tr><td>2021</td><td>17.7</td></tr><tr><td>2022</td><td>22.6</td></tr><tr><td>2023</td><td>29.9</td></tr></table> <p>Source: General Department of Taxation, Ministry of Economy and Finance</p>	Year	Percentage (%)	2016	13	2017	14.9	2018	15.7	2019	18.8	2020	18.5	2021	17.7	2022	22.6	2023	29.9
Year	Percentage (%)																			
2016	13																			
2017	14.9																			
2018	15.7																			
2019	18.8																			
2020	18.5																			
2021	17.7																			
2022	22.6																			
2023	29.9																			
	5. Rate of medium enterprises using balance sheets	<p>Figure 1.34</p> <table><tr><th>Year</th><th>Percentage (%)</th></tr><tr><td>2016</td><td>34.8</td></tr><tr><td>2017</td><td>37.4</td></tr><tr><td>2018</td><td>39.2</td></tr><tr><td>2019</td><td>39.7</td></tr><tr><td>2020</td><td>38.7</td></tr><tr><td>2021</td><td>36.5</td></tr><tr><td>2022</td><td>66.1</td></tr><tr><td>2023</td><td>69.1</td></tr></table> <p>Source: General Department of Taxation, Ministry of Economy and Finance</p>	Year	Percentage (%)	2016	34.8	2017	37.4	2018	39.2	2019	39.7	2020	38.7	2021	36.5	2022	66.1	2023	69.1
	Year	Percentage (%)																		
2016	34.8																			
2017	37.4																			
2018	39.2																			
2019	39.7																			
2020	38.7																			
2021	36.5																			
2022	66.1																			
2023	69.1																			
	6. Rate of large enterprises using balance sheets	<p>Figure 1.35</p> <table><tr><th>Year</th><th>Percentage (%)</th></tr><tr><td>2016</td><td>78.2</td></tr><tr><td>2017</td><td>77.1</td></tr><tr><td>2018</td><td>76.2</td></tr><tr><td>2019</td><td>79</td></tr><tr><td>2020</td><td>79.9</td></tr><tr><td>2021</td><td>90.9</td></tr><tr><td>2022</td><td>98.8</td></tr><tr><td>2023</td><td>97.3</td></tr></table> <p>Source: General Department of Taxation, Ministry of Economy and Finance</p>	Year	Percentage (%)	2016	78.2	2017	77.1	2018	76.2	2019	79	2020	79.9	2021	90.9	2022	98.8	2023	97.3
Year	Percentage (%)																			
2016	78.2																			
2017	77.1																			
2018	76.2																			
2019	79																			
2020	79.9																			
2021	90.9																			
2022	98.8																			
2023	97.3																			

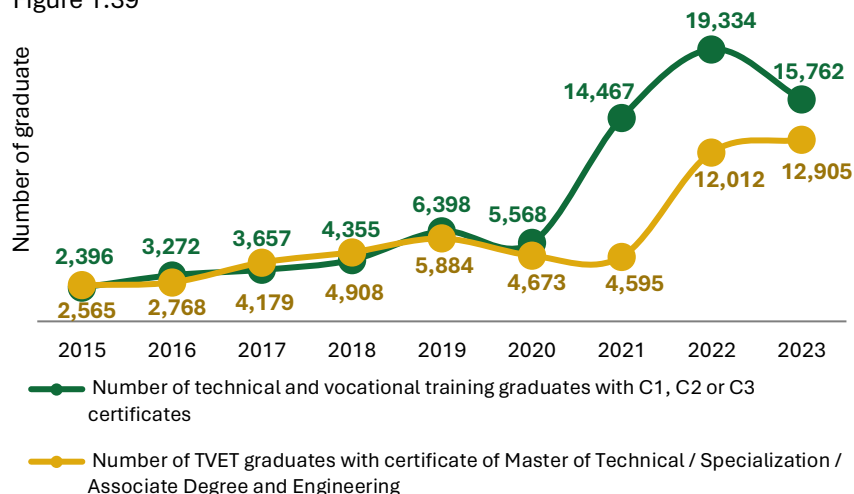
IV. Performance in the intervention area and the implementation of policy measures of the IDP Objective 4 “Improve Quality of Employment”

Intervention Area 4.1: “Skill and Human Resource Development”																				
Implementation	16 policy measures and one sub-measure were totally completed in MTR.																			
Performance	1. Share of secondary and tertiary enrolments in total enrolment age population	<p>Figure 1.36</p> <table><thead><tr><th>Year</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>2015-2016</td><td>20.3</td></tr><tr><td>2016-2017</td><td>20.8</td></tr><tr><td>2017-2018</td><td>21.6</td></tr><tr><td>2018-2019</td><td>27.3</td></tr><tr><td>2019-2020</td><td>27.1</td></tr><tr><td>2020-2021</td><td>27.4</td></tr><tr><td>2021-2022</td><td>28.1</td></tr><tr><td>2022-2023</td><td>29.6</td></tr></tbody></table> <p>Source: Ministry of Education, Youth and Sport</p>	Year	Percentage (%)	2015-2016	20.3	2016-2017	20.8	2017-2018	21.6	2018-2019	27.3	2019-2020	27.1	2020-2021	27.4	2021-2022	28.1	2022-2023	29.6
	Year	Percentage (%)																		
	2015-2016	20.3																		
2016-2017	20.8																			
2017-2018	21.6																			
2018-2019	27.3																			
2019-2020	27.1																			
2020-2021	27.4																			
2021-2022	28.1																			
2022-2023	29.6																			
2. Rate of secondary school graduates	<p>Figure 1.37</p> <table><thead><tr><th>Year</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>2015-2016</td><td>19.4</td></tr><tr><td>2016-2017</td><td>20.2</td></tr><tr><td>2017-2018</td><td>22.1</td></tr><tr><td>2018-2019</td><td>22.2</td></tr><tr><td>2019-2020</td><td>35.7</td></tr><tr><td>2020-2021</td><td>37.1</td></tr><tr><td>2021-2022</td><td>38.2</td></tr><tr><td>2022-2023</td><td>40.8</td></tr></tbody></table> <p>Source: Ministry of Education, Youth and Sport</p>	Year	Percentage (%)	2015-2016	19.4	2016-2017	20.2	2017-2018	22.1	2018-2019	22.2	2019-2020	35.7	2020-2021	37.1	2021-2022	38.2	2022-2023	40.8	
Year	Percentage (%)																			
2015-2016	19.4																			
2016-2017	20.2																			
2017-2018	22.1																			
2018-2019	22.2																			
2019-2020	35.7																			
2020-2021	37.1																			
2021-2022	38.2																			
2022-2023	40.8																			
3. Rate of STEM graduates	<p>Figure 1.38</p> <table><thead><tr><th>Year</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>2015-2016</td><td>17.3</td></tr><tr><td>2016-2017</td><td>19.3</td></tr><tr><td>2017-2018</td><td>23.1</td></tr><tr><td>2018-2019</td><td>23.5</td></tr><tr><td>2019-2020</td><td>27.8</td></tr><tr><td>2020-2021</td><td>29.7</td></tr><tr><td>2021-2022</td><td>29.1</td></tr><tr><td>2022-2023</td><td>24.4</td></tr></tbody></table> <p>Source: Ministry of Education, Youth and Sport</p>	Year	Percentage (%)	2015-2016	17.3	2016-2017	19.3	2017-2018	23.1	2018-2019	23.5	2019-2020	27.8	2020-2021	29.7	2021-2022	29.1	2022-2023	24.4	
Year	Percentage (%)																			
2015-2016	17.3																			
2016-2017	19.3																			
2017-2018	23.1																			
2018-2019	23.5																			
2019-2020	27.8																			
2020-2021	29.7																			
2021-2022	29.1																			
2022-2023	24.4																			

Intervention Area 4.1: “Skill and Human Resource Development”

4. Number of graduates with technical certificates and degree

Figure 1.39



Source: Ministry of Labour and Vocational Training

Intervention Area 4.2: “Increase skilled-labour demand”

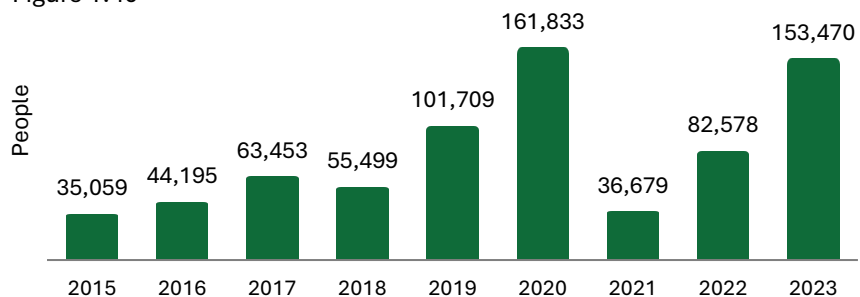
Implementation

There are no clear policy measures set out in the IDP.

Performance

1. Number of skilled job announcements

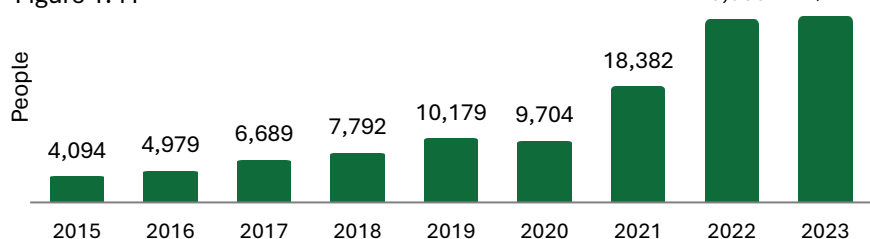
Figure 1.40



Source: Ministry of Labour and Vocational Training

2. Number of skilled labours

Figure 1.41



Source: Ministry of Labour and Vocational Training

Note: Skilled labour refers to those who receive education and training with a level of at least or equivalent to a Master of Technical Degree, or those who receive education and technical and vocational training with a level of at least or equivalent to a C1 certificate.

Intervention Area 4.3: “Improve Industrial Relations”

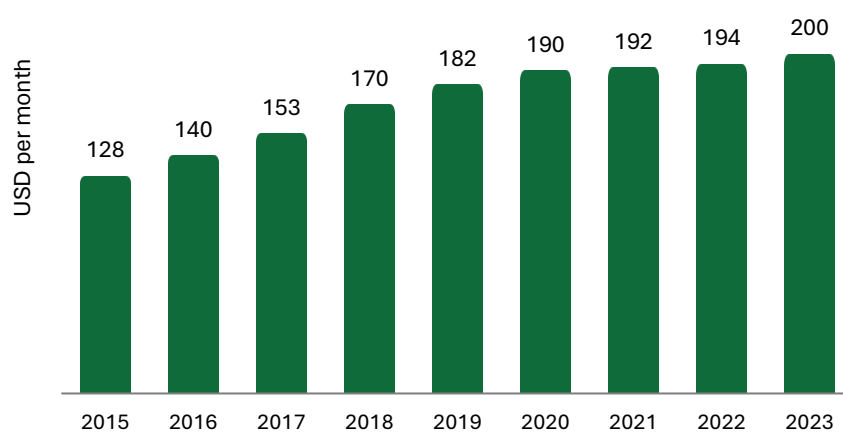
Implementation

This intervention area has a total six measures and sub-measures which are **all completed** from 2021-2023.

Performance

1. Minimum wage

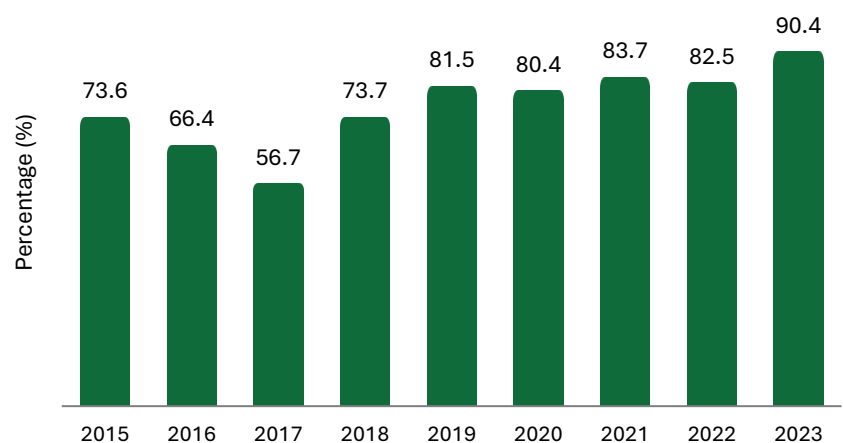
Figure 1.42



Source: Ministry of Labour and Vocational Training

2. Percentage of successfully resolved labour disputes

Figure 1.43



Source: Ministry of Labour and Vocational Training

Intervention Area 4.4: “Improve Job Matching”

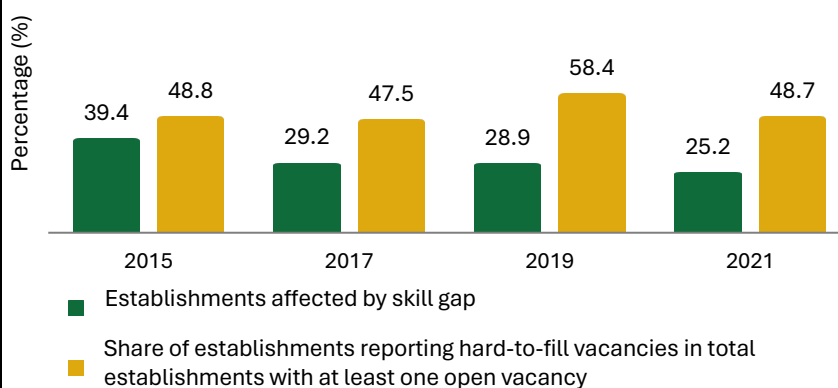
Implementation

For This MTR has a total of four measures and sub-measures. In MTR, these four measures are “totally completed” In particular, when the technical working group verified the data for the 2021-2023 review, **three measures were completed** and **one measure is delayed** ⁽¹⁾.

Performance

1. Share of establishments affected by skill gap and share of establishments reporting hard-to-fill vacancies

Figure 1.44



Source: Ministry of Labour and Vocational Training

Intervention Area 4.5: “Improve Working Conditions”

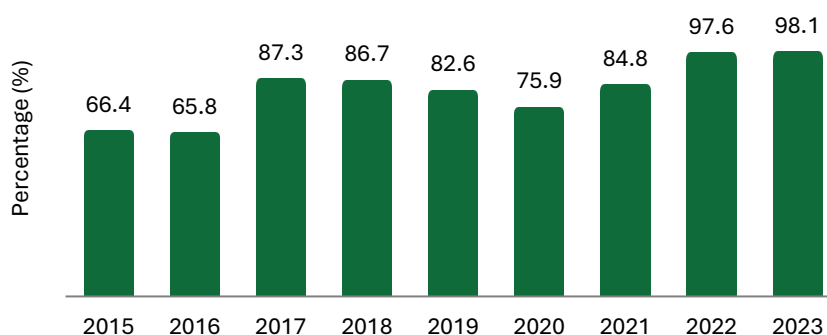
Implementation

This intervention area has six measures and sub-measures. As for the Progress from 2021-2023, **five measures are completed**, with an increase of 1 completed measure and 1 in-progress measure, compared to MTR.

Performance

1. Rate of enterprises with minimum emergency services

Figure 1.45



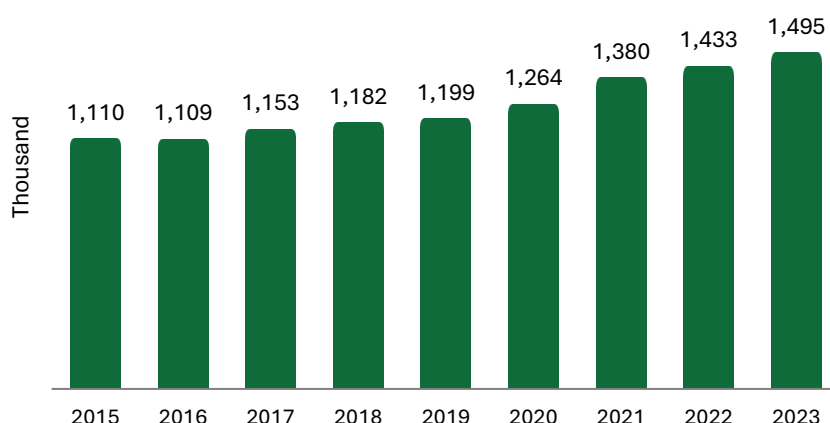
Source: Ministry of Labour and Vocational Training

¹ The measure “Strengthening the management mechanism for skilled workers, especially to be better prepared for the ASEAN integration” (Annex D, page 16), Target Year 2020 (as set out in IDP). According to the verified information reported by the Ministry of Labor and Vocational Training, the ministry responsible for leading the implementation of this measure in 2021-2023, this measure has not yet been fully completed.

Intervention Area 4.5: “Improve Working Conditions”

2. Number of workers receiving National Social Security Fund membership cards

Figure 1.46



Source: Ministry of Labour and Vocational Training

Note: Data on the number of private sector workers who received the NSSF membership cards have been updated from 2015, using updated or valid membership data, excluding self-employed individuals, dependents of the NSSF members and civil servants.

V. Performance in the intervention area and the implementation of policy measures of the IDP Objective 5 : “ Maximize Domestic Benefits”

Intervention Area 5.1: “Increase Linkage between Domestic and Foreign Enterprises Tech-Transfer”

Implementation

This intervention area has three measures. With **one completed measure and two in-progress measures**, compared to MTR, there has been no progress.

Performance

1. Number of domestic firms supplying production inputs for foreign firms

There is only one indicator to measure the outcome of this intervention area: the number of domestic enterprises supplying production inputs to foreign enterprises. To date, no survey on industrial enterprises in Cambodia has been conducted to provide data related to this indicator. However, a survey of business conditions for Japanese companies operating overseas (Asia and Oceania) in 2021 and 2022, conducted by the Japan Overseas Trade Organization indicates that Japanese companies in Cambodia have used raw materials and components less than 10 %, while more than 90% of them are imported from abroad.

Intervention Area 5.2: “Strengthen National Value Chain”

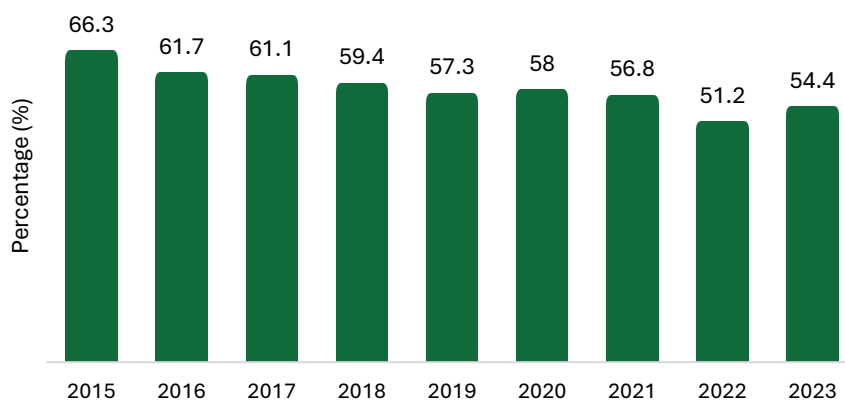
Implementation

There are no clear policy measures set out in the IDP.

Performance

1. Share of total MVA in total manufacturing exports

Figure 1.47



Source: Calculation of the Secretariat based on data from the Ministry of Planning and WITS.

Intervention Area 5.3: “Increase Domestic Ownership”

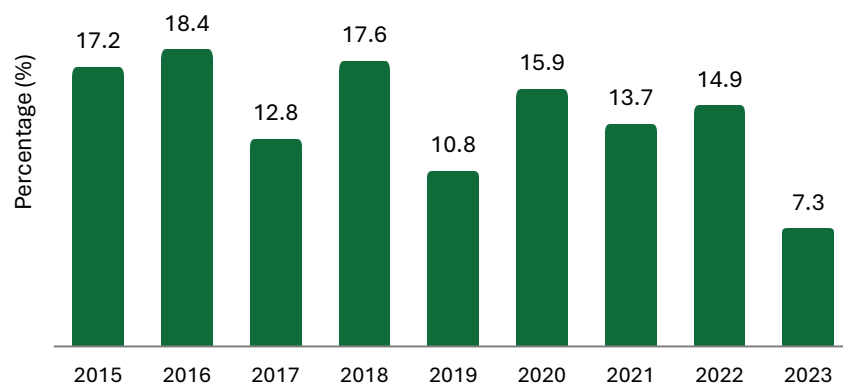
Implementation

There are no clear policy measures set out in the IDP.

Performance

1. Share of QIPs with Cambodian shareholders accounting for 51% or more in total QIPs

Figure 1.48

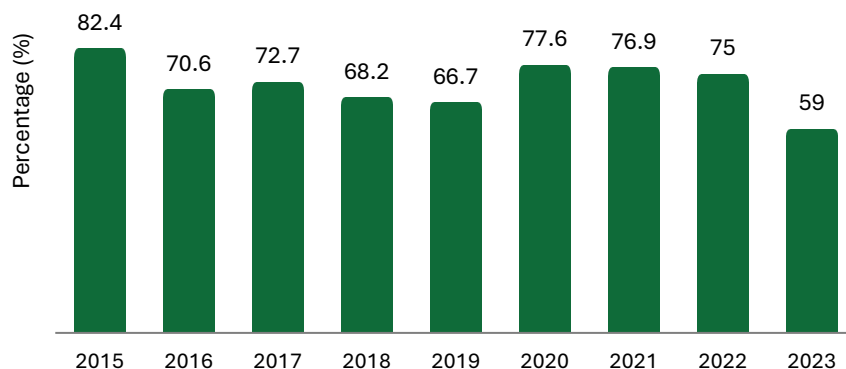


Source: Council for the Development of Cambodia

Intervention Area 5.3: “Increase Domestic Ownership”

2. Share of employment created by foreign enterprises in total employment

Figure 1.49



Source: Ministry of Labour and Vocational Training

Intervention Area 5.4: “Increase Local Agricultural Processing for Domestic and Export Markets”

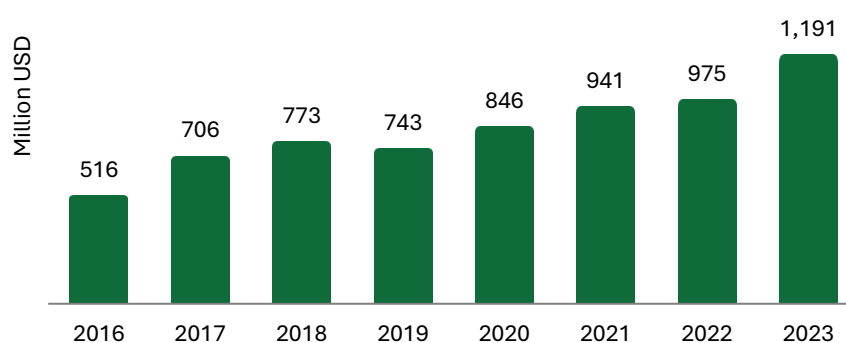
Implementation

This intervention area has five measures with **three completed measures, one in-progress measure in progress** and **one delayed measure**. Compared to MTR, there is a decrease from two delayed measures to one, advancing to the in-progress measure.

Performance

1. The volume of processed agricultural exports

Figure 1.50



Source: General Department of Customs and Excise of Cambodia, Ministry of Economy and Finance

Some sector-level KPIs has different data from that of the MTR due to:

1- Change in Base Year

- The total value-added figures in the industrial sector from WDI have been changed with new figures according to the 2015 Constant Prices. This caused data for two indicators to be different from the data in MTR, including:

1.3.1	Labour productivity in Cambodia's industrial sector (Source: Calculation of the Secretariat based on WDI and International Labour Organization)
1.4.1	Ratio of capital goods import to total MVA (Source: Calculation of the Secretariat based on WITS and WDI)

- The figures for the indicators from the Ministry of Planning have been changed with new figures according to the 2014 Constant Prices. This caused three indicators to vary from the data in MTR, including:

1.1.1	Ratio of manufacturing import to total MVA (Source: Calculation of the Secretariat based on data from Ministry of Planning and WITS)
1.2.3	Share of durable equipment in Gross Fixed Capital Formation (Source: Ministry of Planning)
5.2.1	Share of total MVA in total manufacturing exports (Source: Calculation of the Secretariat based on data from Ministry of Planning and WITS)

2- Request to change data by the relevant ministries/institutions

- Data for 6 indicators are different from the data in MTR because 5 ministries/institutions have requested to change data including:

1.2.2	FDI inflow in manufacturing sector (Source: National Bank of Cambodia)
2.2.1	Volume of goods transported by road (Source: Ministry of Public Works and Transport)
2.2.2	Number of officially established border checkpoints and put into operation (Source: Ministry of Interior)
3.4.1	Number of patent application (Source: Ministry of Industry, Science, Technology and Innovation)
3.4.2	Number of patents granted (Source: Ministry of Industry, Science, Technology and Innovation)
4.1.1	Share of secondary and tertiary enrolments in total enrolment age population (Source: Ministry of Education, Youth and Sport)
4.1.2	Rate of secondary school graduates (Source: Ministry of Education, Youth and Sport)
4.5.2	Number of workers receiving National Social Security Fund membership card (Source: Ministry of Labour and Vocational Training)
5.3.1	Share of QIPs with Cambodian Shareholders accounting for 51% or more in total QIPs (Source: The Council for the Development of Cambodia)

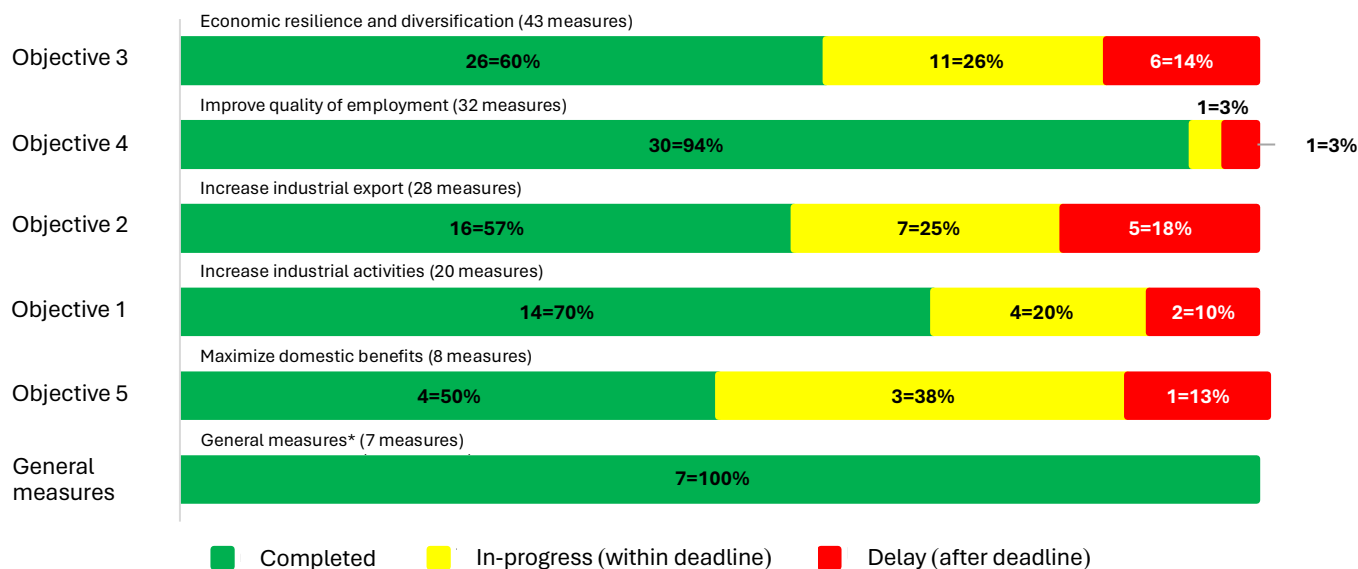
❖ Some sector-level KPIs lack of data in 2023 include:

No.	Indicators that lack data in 2023		Source
1	4.4.1	Share of establishments affected by skill gap	<i>Ministry of Labour and Vocational Training</i>
2	4.4.1	Share of establishments affected by skill gap and Share of establishments reporting hard-to-fill vacancies	<i>Ministry of Labour and Vocational Training</i>
3	5.1.1	Number of domestic firms supplying production inputs for foreign firms	N/A

Appendix 2:

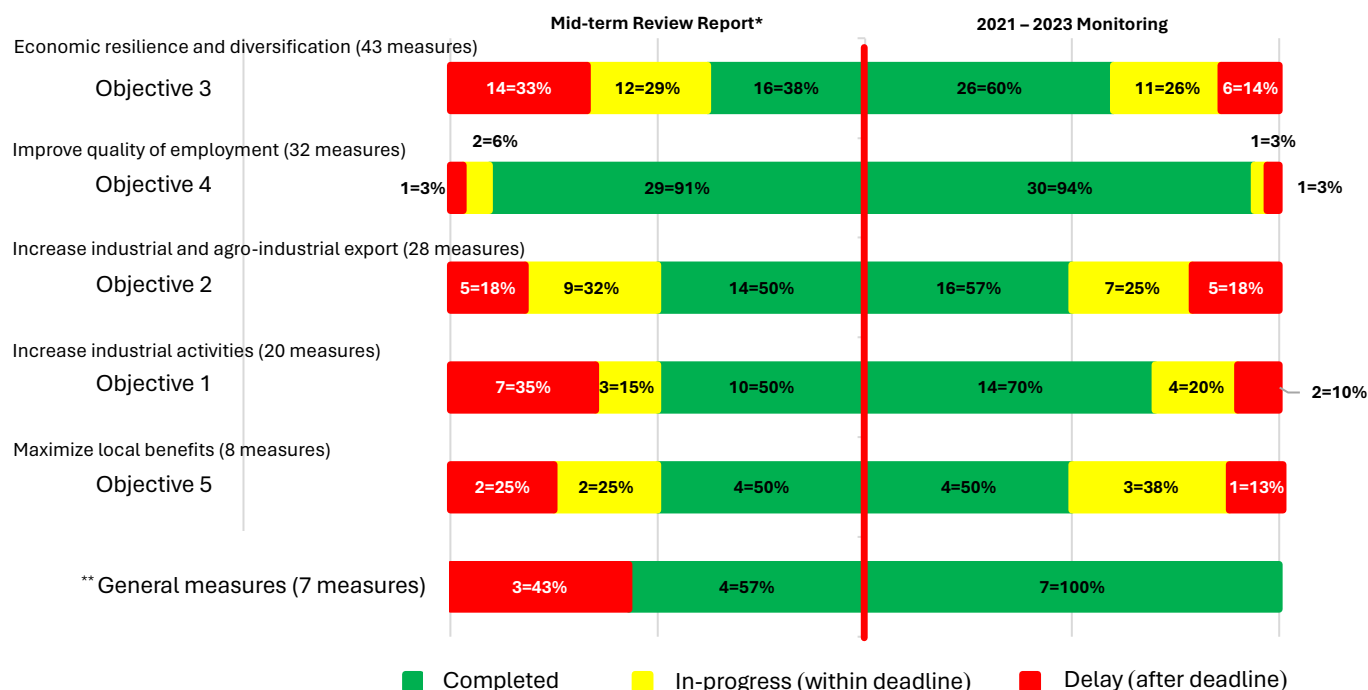
The figures show the progress of the implementation of IDP measures from 2021 - 2023

Figure 2.1: Monitoring the progress of the implementation of the IDP measures from 2021-2023



*7 measures and sub-measures were not included in any IDP objective because these measures were defined as general measures that have impacts on all the objectives. These measures relate to the general fiscal administration, the promotion of the public financial system and public investment programs for industrial development and strengthening of the monitoring of the implementation of investment projects.

Figure 2.2: Comparison of the progress of the implementation of IDP measures in the IDP objectives



* In the MTR, one measure under the objective 3 does not have information on the progress "expedite the preparation of regulatory framework and measures for the development of sciences, technology and innovation", and according to the IDP, it is under the Ministry of Planning. As for the monitoring from 2021-2023, this measure has sufficient information for the progress and it has been transferred to the Ministry of Industry, Science, Technology and Innovation, to report.

** 7 measures and sub-measures were not included in any IDP objective because these measures were defined as general measures that have impacts on all the objectives. These measures related to general fiscal administration, enhancing the public financial system and public investment programs for industrial development, and strengthening the monitoring for the implementation of investment projects.



Appendix 3: Matrix of the Delayed Measures

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions
1. Increase industrial activities		
1.2. Increase industrial investment (19)	1.2.9. Promote the establishment of large industrial parks and clusters by enacting the Law on Special Economic Zone aimed at supporting in a comprehensive way the development of these zones to meet international standards: including infrastructure management system; adequate supply of electricity and clean water; provisions of raw materials and other inputs; trade and transport facilitation; provisions of incentives and other supporting measures to promote investments in SEZs (Appendix D, Page 3)	Council for the Development of Cambodia
1.4. Increase firm technology level (2)	1.4.1. Promote and encourage the transfer of new technology in manufacturing, including for handicraft (Appendix D, page 19)	Ministry of Industry, Science, Technology and innovation
2. Increase industrial and agro-industrial export		
2.1. Increase export capacity of domestic firms/SMEs (3)	2.1.1. Encourage the preparation of medium-term plan to nurture the growth of SMEs by way of identifying enterprises with good export potentials, developing new products, linking to multinational corporations (MNCs), connecting them to the value chain and regional production networks, and preparing concrete action framework to develop them (Appendix D, page 6)	<ul style="list-style-type: none"> - Ministry of Industry, Science, Technology and innovation - Council for the Development of Cambodia - Ministry of Commerce
2.2. Improve industrial infrastructure and connectivity (27)	2.2.2. Develop and implement a master plan for transport and logistic system development with the aim of creating an integrated and highly effective multimodal transport and logistics system, focusing on connecting the major economic poles and the three economic corridors – Phnom Penh – Sihanoukville, Phnom Penh – Bavet and Phnom Penh – Poipet – to become key national economic corridors through the construction of internationally standards highways and the setup of an effective logistics system	<p>Coordinated by the Economic and Financial Policy Committee</p> <p>Participating ministries and institutions:</p> <ul style="list-style-type: none"> - Ministry of Public Works and Transport - Ministry of Economy and Finance

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions
	(Appendix C , page 1)	- Ministry of Commerce - Council for the Development of Cambodia
	2.2.9. Increase regional and sub-regional efforts in the context of ASEAN and GMS, to implement the Cross-Border Transport Agreement (CBTA) and the Single Window Mechanism, in order to improve the efficiency of international logistic system in the region; Other supporting measures include developing institutional frameworks to be integrated into the logistic system, cooperation and broader coordination with relevant authorities in charge of transport facilitation and movement of people and goods (Appendix D, Page 11)	- Ministry of Public Works and Transport - Ministry of Commerce - Ministry of Economy and Finance
	2.2.15. Expand the coverage of water supply throughout the capital, in urban areas, industrial zones and SEZs by strengthening the capacity of public and private water supply units in compliance with technical standards and the National Drinking Water Quality Standards (Appendix D, page 21)	Ministry of Industry, Science, Technology and innovation
	2.2.20. Resolve traffic congestions on the outskirts of Phnom Penh, which is the cause of the ongoing rise in logistics cost, by way of constructing ring roads or bypasses to ensure smooth traffic flow (Appendix D, page 22)	- Ministry of Public Works and Transportation - Phnom Penh Municipality
3. Economic resilience and diversification		
3.3. Rebalancing between large companies and SMEs (5)	3.3.2. Strengthen the corporate governance so as to enlarge and deepen the pool of the private sector, which appreciates the culture of social accountability and can Enhance their ability to obtain financing by providing them training on general management, production system management and technology management for SMEs (Appendix D, Page 9)	- Ministry of Industry, Science, Technology and innovation - Ministry of Commerce





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions
3.4 Increase industrial innovation (18)	3.4.4. Improve the effectiveness of the process of registering industrial property rights by way of implementing collaborative procedures to recognize registration agents of partner countries and to facilitate to the registration of IP agents through automation (Appendix D, page 13)	Ministry of Industry, Science, Technology and innovation
	3.4.5. Raise awareness of the importance of standards, metrology and industrial property rights in order to broaden and attract the interest of entrepreneurs (Appendix D, page 13)	Ministry of Industry, Science, Technology and innovation
	3.4.15. Create a contest for technology experts, business initiators and talented engineers in order to select talented industrialists and promote innovation among engineers and young entrepreneurs (Appendix D, Page 19)	- Ministry of Industry, Science, Technology and Innovation - Ministry of Education, Youth and Sports - Ministry of Labour and Vocational Training
3.5. Modernize SMEs (9)	3.5.3. Promote the formation of sub-sectoral associations where they can share knowledge and information, protect the interests of their members, and act as advocate with the Royal Government to secure technical and financial support for their members (Appendix D, Page 8)	Ministry of Industry, Science, Technology and Innovation
	3.5.5. Strengthen the single-window mechanism for registering SMEs by way of using their registration and account ledgers as the basis for evaluating and determining criteria for providing incentives and receiving support from the Royal Government (Appendix D, Page 8)	Ministry of Industry, Science, Technology and Innovation
4. Improve quality of employment		
4.4. Improve job matching (4)	4.4.2. Strengthen mechanisms to manage skilled workers, especially to be better prepared for ASEAN integration (Appendix D, page 16)	Ministry of Labour and Vocational Training

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions
5. Maximize domestic benefits		
5.4. Increase local agricultural processing (4)	5.4.1. Explore possibilities of establishing agro-processing zones such as furniture manufacturing, rubber processing, seafood processing, food processing for domestic use and export through public-private partnership (Appendix D, page 9)	<ul style="list-style-type: none"> - Ministry of Agriculture, Forestry and Fisheries - Ministry of Industry, Science Technology and Innovation - Ministry of Commerce - Council for the Development of Cambodia
	5.4.1 . 2. <i>Prepare Law on Contract agricultural production</i>	





Appendix 4: Progress Matrix of the IDP Measures and Sub-Measures

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
1. Increase industrial activities			
1.1. Increase domestic demand and import substitution	No measures respond to this Intervention Area		
1.2. Increase industrial investment (19)	1.2.1. Develop and transform Sihanouk Province into a model multi-purposed Special Economic Zone, following the concept of Special Administrative Region. Under this concept, a master plan, legal and regulatory framework and other administrative arrangement will be developed and designed to provide full authority and jurisdiction for mobilization of resources, talents, investments and businesses to develop the province to become an economic pole and industrial, trade and tourist hub in line with sustainable and environmentally sound development concepts, and to be recognized as the ASEAN Green Industry and Metropolitan City in the future (Appendix C , Page 3)	<ul style="list-style-type: none"> - Ministry of Economy and Finance - Council for the Development of Cambodia - Ministry of Industry, Science, Technology and Innovation - Ministry of Land Management, Urban Planning and Construction - Ministry of Interior - Ministry of Tourism - Ministry of Commerce - Ministry of Environment - Ministry of Public Works and Transport - Council of Ministers - State Secretariat for Civil Aviation - Other relevant ministries/institutions 	In progress

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	1.2.2. Review and amend the Law on Investment and other relevant regulations to respond to the concrete needs for developing the industrial sector by way of making the business climate conducive to attracting investment, enabling technology transfer, creating jobs and enhance skills training and increasing value-added (Appendix D, Page 1)	Council for the Development of Cambodia	Completed
	1.2.3. Further strengthen favorable environment for investment and doing business by improving the regulatory framework, rationalizing the provision of incentives for investment projects, strengthening the good governance and the effectiveness of relevant public institutions, especially the One-Window Service mechanism at the Council for Development of Cambodia (CDC) to become an effective and practical mechanism (Appendix D, Page 1)	- Council for the Development of Cambodia - Other relevant ministries/institutions	Completed
	1.2.4. Strengthen the institutional capacity and consolidate the investment management and promotion functions with the industrial development promotion function under the mandate of the CDC by way of preparing short-term and medium-term action plans, institutional reform and modernization, and capacity building of officials to effectively carry out the IDP vision and objectives (Appendix D, page 2)	Council for the Development of Cambodia	Completed
	1.2.5. Improve investment after care services based on international best practices to ensure the effectiveness of investment facilitating and addressing investors' concerns throughout each phase of their investment project implementation (Appendix D, page 2)	Council for the Development of Cambodia	Completed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	1.2.6. Further strengthen the effectiveness of Government-Private Sector Forum, encouraging the participation of private sector in industrial development (Appendix D, Page 2)	Council for the Development of Cambodia	Completed
	1.2.7. Review the mechanism to disseminate investment information with the aim of facilitating the ease of access to information, especially content improvement based on users' feedback. (Appendix D, page 3)	Council for the Development of Cambodia	Completed
	1.2.8. Review of the incentive framework for foreign and domestic firms and SMEs located in SEZs (Appendix D, page 3)	<ul style="list-style-type: none"> - Council for the Development of Cambodia - Ministry of Economy and Finance - Ministry of Industry, Science, Technology and Innovation 	Completed
	1.2.9. Promote the establishment of large industrial parks and clusters by enacting the Law on Special Economic Zone aimed at supporting in a comprehensive way the development of these zones to meet international standards: including infrastructure management system; adequate supply of electricity and clean water; provisions of raw materials and other inputs; trade and transport facilitation; provisions of incentives and other supporting measures to promote investments in SEZs (Appendix D, page 3)	Council for the Development of Cambodia	Delayed
	1.2.10. Encourage competition among SEZs by way of establishing key performance indicators for measuring these SEZs to be used as evaluation criteria for providing incentives and promoting best practices (Appendix D, page 4)	Council for the Development of Cambodia	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	1.2.1 1 . Review the feasibility of promoting the development of large high standard SEZs through Public Private Partnership (Appendix D, page 6)	- Ministry of Economy and Finance - Council for the Development of Cambodia	Completed
	1.2.1 2. Review the tax and customs system by transforming it into a tool not only for revenue collection but also for promoting industrial development (Appendix D, page 14)	Ministry of Economy and Finance	
	1.2.12. 1. Monitor and evaluate the implementation of the revenue collection strategy 2019-2023		Completed
	1.2.12. 2. Monitor and evaluate the implementation of the revenue collection strategy 2019-2023		Completed
	1.2.1 3. Expedite the tax refunds or the use of tax credit in accordance with the existing tax regulations (Appendix D, page 14)	Ministry of Economy and Finance	Completed
	1.2.1 4 . Continue implementing the Financial Sector Development Strategy 2011 – 2020 as the framework for financial sector development in Cambodia (Appendix D, page 22)	- Ministry of Economy and Finance - National Bank of Cambodia	Completed
	1.2.1 5 . Strengthen the securities market to mobilize financial resources and its effective use taking into consideration the prospect of establishing in a medium-term to long-term Treasury bonds to finance development projects that support the anchoring of the industrial base (Appendix D, page 23)	Ministry of Economy and Finance	
	1.2.1 5.1 . Prepare new Law on Government Securities		Completed
	1.2.1 5. 2. Prepare a strategic document for the development of the securities market in Cambodia		In progress





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
1.3. Increase firm labor productivity (1)	1.3.1. Support and improve the capacity and competency of the National Productivity Centre of Cambodia with the purpose of increasing the productivity and enhancing the quality of SMEs (Appendix D, page 13)	Ministry of Industry, Science, Technology and Innovation	In progress
1.4. Increase firm technology level (2)	1.4.1. Promote and encourage the transfer of new technology in manufacturing, including for handicraft (Appendix D, page 19)	Ministry of Industry, Science, Technology and Innovation	Delayed
	1.4.2. . Enable technology transfer through field visits and acquiring capacity building from other countries around the world (Appendix D, page 7)	Ministry of Industry, Science, Technology and Innovation	In progress
2. Increase industrial and agro-industrial export			
2.1. Increase export capacity of domestic firms/SMEs (3)	2.1.1. Encourage the preparation of medium-term plan to nurture the growth of SMEs by way of identifying enterprises with good export potentials, developing new products, linking to multinational corporations (MNCs), connecting them to the value chain and regional production networks, and preparing concrete action framework to develop them (Appendix D, page 6)	- Ministry of Industry, Science, Technology and Innovation - Council for the Development of Cambodia - Ministry of Commerce	Delayed
	2.1.2. Create a development and promotion fund for export led product development using agro-processing technology (Appendix D, page 9)	- Ministry of Economy and Finance - Ministry of Industry, Science, Technology and Innovation	Completed
	2.1.3. Promote the formation of sub-sectoral associations where they can share knowledge and strengthen government relations (Appendix D, page 12)	- Ministry of Commerce - Ministry of Industry, Science, Technology and Innovation	Completed
2.2. Improving industrial infrastructure and connectivity (27)	2.2.1. Prepare and implement a plan to reduce electricity prices for the industrial and commercial sectors including	- Ministry of Mines and Energy - Ministry of Economy and Finance - Council for the Development of	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	strengthening reliability and expanding the coverage of electricity supply (Appendix C, page 1)	Cambodia - Electricity Authority of Cambodia - Electricity of Cambodia	
	2.2.2. Develop and implement a master plan for transport and logistic system development with the aim of creating an integrated and highly effective multimodal transport and logistics system, focusing on connecting the major economic poles and the three economic corridors – Phnom Penh – Sihanoukville, Phnom Penh – Bavet and Phnom Penh – Poipet – to become key national economic corridors through the construction of internationally standards highways and the setup of an effective logistics system (Appendix C , page 1)	Coordinated by the Economic and Financial Policy Committee Participating ministries and institutions: - Ministry of Public Works and Transport - Ministry of Economy and Finance - Ministry of Commerce - Council for the Development of Cambodia	Delayed
	2.2.3. Take measures to promote more active participation from the private sector to develop physical infrastructure in government approved SEZs so as to ensure their attractiveness for investors seeking opportunities to establish their production bases (Appendix D, page 3)	Council for the Development of Cambodia	Completed
	2.2.4. Promote the development of industrial corridors, especially the Sihanoukville-Koh Kong Southern Coastal Economic Corridors, and other corridors linking main national roads to domestic economic poles and to neighboring countries in ASEAN and Greater Mekong Sub-region economic corridor frameworks (Annex D, page 4)	- Council for the Development of Cambodia - Ministry of Economy and Finance - Ministry of Land Management and Urban Planning and Construction	In progress





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
		- Other relevant Relevant Sun-national Administration	
	2.2.5. Prepare urban/city development plan to transform into industrial centers focusing on Sihanoukville, Koh Kong, Bavet and Poipet by way of creating an institutional coordinating mechanism to promote based on long-term development planning a comprehensive development of industrial centers, including determining land areas based on concrete land use plan, managing environmental resources to ensure sustainability of the eco system, developing residential housing and infrastructure including electricity, road, port, clean water supply system, flood prevention system, waste and drainage system as well as social services and health care, education and vocational training (Appendix D, page 4)	- Ministry of Land Management, Urban Planning and Construction - Council for the Development of Cambodia - Ministry of Public Works and Transport - Ministry of Economy and Finance - Other relevant ministries/institutions	
	2.2.5.1. Prepare an urban development plan for Preah Sihanouk Province		Completed
	2.2.5.2. Prepare an urban development plan for Koh Kong Province		In progress
	2.2.5.3. Prepare an urban development plan for Bavet city		Completed
	2.2.5.4. Prepare an urban development plan for Poipet city		Completed
	2.2.6. Develop Phnom Penh surrounding areas to become an industrial hub with clear land use plan by separating industrial zones and residential zones or urban areas with the long-term plan of transforming Phnom Penh into an administrative, industrial, scientific and innovative center (Appendix D, page 5)	- Ministry of Land Management, Urban Planning and Construction - Ministry of Interior/Phnom Penh Capital Hall - Council for the Development of Cambodia	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
		<ul style="list-style-type: none"> - Ministry of Public Works and Transport - Ministry of Economy and Finance - Ministry of Industry, Science, Technology and Innovation - Other relevant ministries/institutions 	
	2.2.7. Maintain the momentum in developing physical infrastructure for industrial development purpose such as clean water, electricity, transportation and telecommunication, especially in SEZs, developing industrial clusters and transforming urban areas into national industrial centers in line with the urbanization, land use and management plan (Appendix D, page 5)	<ul style="list-style-type: none"> - Ministry of Land Management, Urban Planning and Construction - Council for the Development of Cambodia - Ministry of Industry, Science, Technology and Innovation - Ministry of Mines and Energy - Ministry of Public Works and Transport - Other relevant ministries/institutions 	Completed
	2.2.8. Prepare a logistic system master plan to serve as an efficient, reliable and highly competitive platform for trade facilitation (Appendix D, page 11)	<ul style="list-style-type: none"> - Ministry of Public Works and Transport - Ministry of Commerce 	
	2.2.8.1. Prepare a master plan on connectivity of multi-modal transport and logistics system 2021-2023	<ul style="list-style-type: none"> - Ministry of Economy and Finance 	Completed
	2.2.8.2. Prepare Logistic and Transport Development Plan 2020-2030		Completed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	2.2.9. Increase regional and sub-regional efforts in the context of ASEAN and GMS, to implement the Cross-Border Transport Agreement (CBTA) and the Single Window Mechanism, in order to improve the efficiency of international logistic system in the region; Other supporting measures include developing institutional frameworks to be integrated into the logistic system, cooperation and broader coordination with relevant authorities in charge of transport facilitation and movement of people and goods (Appendix D, page 11)	<ul style="list-style-type: none"> - Ministry of Public Works and Transport - Ministry of Commerce - Ministry of Economy and Finance 	Delayed
	2.2.10. Create a coordinating mechanism for investing in transport infrastructure (road, rail, air and port) by linking to targeted industrial areas (Annex D, Page 20)	Ministry of Public Works and transportation	Completed
	2.2.11. Monitor and direct energy supply to major production zones by ensuring the most sufficient and stable electricity supply, which allow factories to plan their production effectively (Appendix D, Page 20)	<ul style="list-style-type: none"> - Ministry of Mines and Energy - Electricity Authority of Cambodia - Electricity of Cambodia 	Completed
	2.2.12. Implement and timely complete the planned construction of electricity plants to reduce shortage of electricity supplies by 2020 including improvement of capacity and quality of transmission (Appendix D, page 20)	<ul style="list-style-type: none"> - Ministry of Mines and Energy - Electricity Authority of Cambodia - Electricity of Cambodia 	Completed
	2.2.13. Review the forecast of long-term electricity demand and energy development plan in line with the new vision for economic and industrial development. Energy supply options are also to be reviewed in order to ensure adequate energy supply capacity to major strategic industrial zones (Appendix D, page 20)	<ul style="list-style-type: none"> - Ministry of Mines and Energy - Electricity Authority of Cambodia - Electricity of Cambodia 	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	2.2.14. Increase investment in physical infrastructure and improve transport mode and services in order to facilitate and support business operations (Appendix D, page 20)	- Ministry of Public Works and Transport - Ministry of Economy and Finance	In progress
	2.2.15. Expand the coverage of water supply throughout the capital, in urban areas, industrial zones and SEZs by strengthening the capacity of public and private water supply units in compliance with technical standards and the National Drinking Water Quality Standards (Appendix D, page 21)	Ministry of Industry, Science, Technology and Innovation	Delayed
	2.2.16. Continue expanding and maintaining major road networks that service transport of goods such as widening the national roads to improve connection to Thailand and Vietnam, the Phnom Penh–Siem Reap corridor and the Phnom Penh–Sihanoukville corridor while conducting a long-term feasibility study for transforming important national roads into highways in order to reinforce the logistical capacity between Cambodia and Thailand and Vietnam (Appendix D, page 21)	- Ministry of Public Works and Transport - Ministry of Economy and Finance	In progress
	2.2.17. Improve and maintain infrastructure to support SEZs, including road networks which are crucial for developing industries in Svay Rieng, Koh Kong, and Sihanoukville where international border checkpoints and international ports are located (Appendix D, page 21)	- Council for the Development of Cambodia - Ministry of Economy and Finance - Ministry of Public Works and transportation - Relevant Sun-national Administration	In progress
	2.2.18. Continue developing Cambodia railway system, after launching the operation of Phnom Penh – Sihanoukville railway, in order to transform railway system as an important mode of	Ministry of Public Works and transportation	In progress





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	transportation that will contribute to the effectiveness and cost reduction (Appendix D, page 21)		
	2.2.19 Develop waterway transport networks which have potential to reduce logistics cost especially for transporting agricultural products through the development of peripheral ports along the Mekong River for ease of loading and unloading. The upgrading of new ports in Phnom Penh and Sihanoukville will also help facilitate larger volume of shipping (Appendix D, page 21)	Ministry of Public Works and transportation	In progress
	2.2.20. Resolve traffic congestions on the outskirts of Phnom Penh, which is the cause of the ongoing rise in logistics cost, by way of constructing ring roads or bypasses to ensure smooth traffic flow (Appendix D, page 22)	- Ministry of Public Works and Transportation - Phnom Penh Capital Hall	Delayed
	2.2.21. Review the feasibility of public-private partnership for the development of infrastructure, which can help reduce the pressure on public investment. (Appendix D, page 22)	Ministry of Economy and Finance	Completed
3. Economic resilience and diversification			
3.1. Increase new industrial activities (4)	3.1.1. Review and revise criteria of selecting “potential and quality investment projects” that generate value addition and positive externality for the development and attraction of new industries into Cambodia (Appendix D, page 1)	- Council for the Development of Cambodia - Ministry of Economy and Finance - Ministry of Industry, Science, Technology and Innovation - Other relevant ministries/institutions	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	3.1.2. Prepare and implement concrete strategies and measures to promote and attract investment with focus on target countries and specific priority industries (Appendix D, page 2)	Council for the Development of Cambodia	Completed
	3.1.3 Continue strengthening and streamlining the administrative capacity and institutional framework for managing the operations of SEZs by way of increasing the effectiveness of the One-Window Service mechanism in order to promote the development of specialized SEZs. The focus of the latter would be on some priority sectors such as agro-processing for export (the development of specialized SEZ needs to be based on specific geographic location, the type of business ventures, adequate infrastructure and enticing incentives) (Appendix D, page 6)	Council for the Development of Cambodia	Completed
	3.1.4. Assess the natural resource potentials of the country so as to encourage investment in heavy industries (Appendix D, page 20)	Ministry of Industry, Science, Technology and Innovation	In progress
3.2. Expansion and diversification of export markets and products (10)	3.2.1. Accelerate the finalization of the implementation of trade facilitation reform plan and the utilization of the National Single Window Service at all international border checkpoints and ensuring its integration with the ASEAN Single Window Service in order to support the international logistic network (Appendix D, Page 10)	<ul style="list-style-type: none"> - Ministry of Commerce - Ministry of Economy and Finance - Ministry of Public Works and transportation 	Completed
	3.2.2. Establish trade information centre that consists of internet-based information on trade measures, tariff and formal fees imposed by the Royal Government (Appendix D, Page 10)	<ul style="list-style-type: none"> - Ministry of Commerce - Ministry of Economy and Finance 	Completed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	3.2.3. Improve customs clearance procedures for tax-exempt goods by way of strengthening cooperation among relevant institutions, streamlining documentation, facilitating procedures and eliminating informal payments (Appendix D, Page 11)	<ul style="list-style-type: none"> - Ministry of Economy and Finance - Council for the Development of Cambodia 	
	<i>3.2.3.1. Strengthening cooperation between relevant institutions to reduce unnecessary documentation requirements and streamline procedures expeditiously for tax-exempt goods</i>		Completed
	<i>3.2.3.2. Eliminating informal fees in completing a goods release form</i>		Completed
	3.2.4. Reduce and abolish repetitive and non-transparent procedures (Appendix D, page 11)	<ul style="list-style-type: none"> - Council for the Development of Cambodia - Other relevant ministries/institutions 	Completed
	3.2.5. Strengthen the capacity of General Department of Trade Promotion of the Ministry of Commerce to become an export promotion agency, equipped with highly specialized skills in market research, identification of export products and business networks. The EPD can provide trade consultation services, i.e. information on overseas markets, coordination of export promotion activities, including market studies or exhibitions (Appendix D, Page 11)	Ministry of Commerce	Completed
	3.2.6. Explore the possibility of establishing a policy-based financing institution tasked to provide credit to exporters who	<ul style="list-style-type: none"> - Ministry of Economy and Finance - Ministry of Commerce 	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	can export products in priority industries, and export insurance services to reduce export-related risks (Appendix D, Page 12)		
	3.2.7. Strengthen trade facilitation by improving procedures, strengthening the implementation of the CBTA, reducing transactional cost of trade and strengthening institutional coordination (Appendix D, Page 12)	- Ministry of Commerce - Ministry of Economy and Finance - Ministry of Public Works and transportation	Completed
	3.2.8. Consider the possibility of establishing a system to reward domestic firms with outstanding export performance and new products development. This reward is provided to firms achieving predetermined export target through a transparent evaluation system based on specific industrial development objectives (Appendix D, Page 12)	- Ministry of Commerce - Ministry of Industry, Science, Technology and Innovation	Completed
3.3. Balancing between large companies and small and medium enterprises (5)	3.3.1. Continue developing industrial zones in provinces, aimed at promoting hubs for SMEs while enhancing their competitiveness by way of supplying as a matter of priority electricity connection, clean water, transportation and logistics links as well as other incentives and facilitation from the government (Appendix D, Page 3)	- Council for the Development of Cambodia - Relevant Sun-national Administration - Ministry of Industry, Science, Technology and Innovation	In progress
	3.3.2. Strengthen the corporate governance so as to enlarge and deepen the pool of the private sector, which appreciates the culture of social accountability and can Enhance their ability to obtain financing by providing them training on general management, production system management and technology management for SMEs (Appendix D, Page 9)	- Ministry of Industry, Science, Technology and Innovation - Ministry of Commerce	Delayed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	3.3.3. Prepare appropriate finance mechanism for industrial development by way of providing financing to SMEs in priority industries (Appendix D, Page 22)	- Ministry of Economy and Finance - Ministry of Industry, Science, Technology and Innovation	
	3.3.3.1. Establish SME Bank of Cambodia		Completed
	3.3.3.2. Establish Credit Guarantee Corporations of Cambodia		Completed
3.4 Increase industrial innovation (18)	3.4.1. Build the capacity of high education institutions to absorb scientific knowledge, and promote market-driven technological innovation (Appendix D, Page 7)	Ministry of Education, Youth and Sports	Completed
	3.4.2. Create awards for technology innovation in various priority sectors (Appendix D, page 8)	Ministry of Industry, Science, Technology and Innovation	Completed
	3.4.3. Continue strengthening institutional framework and the capacity in managing metrology and standards, which are the foundation of industrial activities. Additional efforts are dedicated to develop the appropriate regulatory framework and to get international recognition of key national institutions such as the National Metrology Centre and the Institute of Standards of Cambodia (Appendix D, page 12)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.4. Improve the effectiveness of the process of registering industrial property rights by way of implementing collaborative procedures to recognize registration agents of partner countries and to facilitate to the registration of IP agents through automation (Appendix D, page 13)	Ministry of Industry, Science, Technology and Innovation	Delayed
	3.4.5. Raise awareness of the importance of standards, metrology and industrial property rights in order to broaden and attract the interest of entrepreneurs (Appendix D, page 13)	Ministry of Industry, Science, Technology and Innovation	Delayed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	3.4.6. Support and improve the capacity and competency in metrology and standards assurance with regards to quantity, quality, safety, service, environment and management (Appendix D, page 13)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.7. Take practical actions to strengthen the implementation of standards, metrology and industrial property rights as a tool for promoting competitiveness (Appendix D, page 13)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.8. Strengthen the capacity of the Institute of Standards of Cambodia in doing research and developing national standards for products, services, production technics in compliance with regional and international standards (Appendix D, page 13)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.9. Strengthen the capacity of the National Metrology Centre in doing research and in preparing procedures for inspection, verification, calibration, and testing. (Appendix D, page 14)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.10. Expedite the preparation of regulatory framework and measures for the development of sciences, technology and innovation (Appendix D, page 18)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.11. Strengthen the management of Cambodian Innovation and Invention Center to promote invention and training on industrial property rights (Appendix D, page 19)	Ministry of Industry, Science, Technology and Innovation	In progress
	3.4.12. Strengthen and build capacity based on the demand for research and development of industrial technology (Appendix D, Page 18)	- Ministry of Education, Youth and Sports - Ministry of Labour and Vocational Training	Completed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	3.4.13. Collaborate to promote and encourage study and research on sciences, technology and innovations (Appendix D, Page 19)	- Ministry of Economy and Finance - Ministry of Education, Youth and Sports	
	3.4.13.1. <i>Conduct scientific-based research on policies in the framework of labour economy, labour productivity and competitiveness</i>	- Ministry of Industry, Science, Technology and Innovation	Completed
	3.4.13.2. <i>Collaborate, promote and encourage conducting research in science and technology and innovation</i>		Completed
	3.4.14. Study the feasibility of creating scientific and technological parks linked to industrial parks and SEZs to provide industrial experiment and research (Appendix D, Page 19)	- Ministry of Industry, Science, Technology and Innovation - Council for the Development of Cambodia	In progress
	3.4.15. Create a contest for technology experts, business initiators and talented engineers in order to select talented industrialists and promote innovation among engineers and young entrepreneurs (Appendix D, Page 19)	- Ministry of Industry, Science, Technology and innovation - Ministry of Education, Youth and Sports - Ministry of Labour and Vocational Training	Delayed
	3.4.16. Study the feasibility of investing in a government research institute by focusing on sciences and technology linked to each priority sectors by selecting qualified scientists and engineers and equipped with appropriate laboratory equipment (Appendix D, Page 19)	- Ministry of Economy and Finance - Ministry of Education, Youth and Sports - Ministry of Industry, Science, Technology and Innovation	In progress
3.5. Modernize SMEs (9)	3.5.1. Strengthen the SME development framework and mechanism, focusing on the preparation of registration, monitoring and tracking the progress of this sector. The	- Ministry of Industry, Science, Technology and Innovation - Ministry of Commerce	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	objective is to encourage Cambodian enterprises to register in the formal tax regime, thus allowing the Royal Government to have accurate information about the sector so that it can initiate proper supporting policies to enable better access to credit information and other business advises to grow their business and investment (Annex D, Page 7)	- Other relevant ministries/institutions	
	3.5.2. Establish a research and development fund (R&D) with appropriate professional management and budget allocation by the Royal Government according to the need of industry and the affordability of the national budget (Annex D, Page 7)	Ministry of Economy and Finance	Completed
	3.5.3. Promote the formation of sub-sectoral associations where they can share knowledge and information, protect the interests of their members, and act as advocate with the Royal Government to secure technical and financial support for their members (Appendix D, Page 8)	Ministry of Industry, Science, Technology and Innovation	Delayed
	3.5.4. Amend the Law on Corporate Accounts, Audit and Accounting Profession to introduce a simplified accounting standards for SMEs (Appendix D, Page 8)	- Ministry of Economy and Finance - National Accounting Council - Ministry of Industry, Science, Technology and Innovation	Completed
	3.5.5. Strengthen the single-window mechanism for registering SMEs by way of using their registration and account ledgers as the basis for evaluating and determining criteria for providing incentives and receiving support from the Royal Government (Appendix D, Page 8)	Ministry of Industry, Science, Technology and Innovation	Delayed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	3.5.6. Encourage small, medium and large enterprises to have proper accounts and to register as real regime tax payers (Appendix D, Page 8)	- Ministry of Economy and Finance - National Accounting Council	Completed
	3.5.7. Publicize broadly to the public on the benefits of the new simplified accounting system for SMEs (Appendix D, Page 9)	Ministry of Industry, Science, Technology and Innovation	Completed
	3.5.8. Provide training in accounting to SMEs (Appendix D, Page 9)	Ministry of Industry, Science, Technology and Innovation	Completed
	3.5.9. Strengthen the use of standardization and the compliance evaluation by linking to public procurement, incentives and other subsidies (Appendix D, Page 13)	Ministry of Industry, Science, Technology and Innovation	Completed
4. Improve quality of employment			
4.1. Improve skills development and human resources (17)	4.1.1. Further strengthen labour market mechanisms and skills training development to ensure stability of the labour supply, increase productivity and improve living standard of workers by promoting skills training programs, strengthen the mechanisms for setting minimum wage and enhancing harmony in industrial relations based on the principles of positive union and the kindness of employers towards their employees. This can be done through existing mechanisms, including labour Advisory Committee and the Cambodia Productivity Committee (Appendix C, Page 2)	- Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports - Ministry of Industry, Science, Technology and Innovation - Ministry of Economy and Finance - Council for the Development of Cambodia - Labour Advisory Committee	
	<i>4.1.1.1. Continue to develop training mechanisms to maintain a stable supply of labour, improve productivity and improve the living standards of workers by promoting the development of skills training programs</i>	- Cambodia Productivity Commission	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	4.1.2. Consider providing additional incentives for investment projects focusing on skills training, research and development and innovation (Appendix D, Page 1)	<ul style="list-style-type: none"> - Council for the Development of Cambodia - Ministry of Economy and Finance - Ministry of Industry, Science, Technology and Innovation - Other relevant ministries/institutions 	Completed
	4.1.3. Enhance human resources development to ensure strong and dynamic industrial development through the provision of specialized skills training to address skills shortage in priority sectors by way of increasing training scholarships for engineers and technicians (Appendix D, Page 7)	<ul style="list-style-type: none"> - Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports 	Completed
	4.1.4. Offer a second opportunity for students to finish secondary education by establishing a testing based equivalent education system, which allows students to receive general education certificate, albeit from the non-formal education sector (Appendix D, Page 16)	Ministry of Education, Youth and Sports	Completed
	4.1.5. Strengthen the quality of education at primary and secondary levels by focusing on strengthening basic knowledge for Children and Youth in Mathematics, Sciences, literature and technology (Appendix D, Page 16)	Ministry of Education, Youth and Sports	Completed
	4.1.6. Promote general education for at least 9 years by reducing dropout rate to the maximum level at the primary education level and promoting enrolment at the secondary level (Appendix D, Page 16)	Ministry of Education, Youth and Sports	Completed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	4.1.7. Improve curriculum by integrating soft skills, including social communication skills in problem solving, respect of working discipline, and other essential skills needed to build the base of industrial development (Appendix D, Page 17)	Ministry of Education, Youth and Sports	Completed
	4.1.8. Increase as much as possible in multiple fold technical skills training in electrical, electronics, mechanics, chemistry, standards and metrology (inspection, verification, calibration, testing and skills in using metrological tools) at both technical secondary education and higher education (Appendix D, Page 17)	<ul style="list-style-type: none"> - Ministry of Education, Youth and Sports - Ministry of Labour and Vocational Training - Ministry of Industry, Science, Technology and Innovation 	Completed
	4.1.9. Give priority to the establishment of many technical secondary schools (both in formal education and non-formal education system) with focus on important thematic such as electricity, electronics, information and communication technology, computer science, machinery, motorcycle and automobile assembly and maintenance, agro-processing and handicraft (Appendix D, Page 17)	<ul style="list-style-type: none"> - Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports 	Completed
	4.1.10. Develop technical and scientific training plan in support of the industrial sector with concrete long-term investment plan (Appendix D, Page 17)	<ul style="list-style-type: none"> - Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports 	Completed
	4.1.11. Promote and implement incentive-based apprenticeship schemes in order to encourage firms to join the program (Appendix D, Page 17)	Ministry of Labour and Vocational Training	Completed
	4.1.12. Strengthen technical training in response to private sector demand, including soft skills through cooperation with	- Ministry of Labour and Vocational Training	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	targeted foreign investors with the aim of establishing skills training centers with Japan, Korea, Singapore, etc (Appendix D, Page 18)	- Ministry of Education, Youth and Sports	
	4.1.13. Promote trilateral training “government-training institutions companies/factories” in order to equip them with skills and productivity training by way of integrating them into the existing education and vocational training programs through public-industry association cooperation (Appendix D, Page 18)	- Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports	Completed
	4.1.14. Expand on-site technical and vocational training by focusing on factory workers so that they could receive proper training in skills and know-how development in the future (Appendix D, Page 18)	- Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports	Completed
	4.1.15. Strengthen education at university with curriculum related to agriculture sciences and other important sciences and engineering by upgrading laboratory equipment in order to enhance education quality for research and development (Appendix D, Page 18)	Ministry of Education, Youth and Sports	Completed
	4.1.16. Promote the study on sciences, technology, engineering and mathematics (STEM) from primary education to post-secondary education level with special focus on students coupled with curriculum reform through standardization of programs from primary education level and up (Appendix D, Page 19)	Ministry of Education, Youth and Sports	Completed
4.2. Increase skilled - Labour demand	No measures respond to this Intervention Area		





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
4.3. Improve professional relationships (7)	4.3.1. Further strengthen labour market mechanisms and skills training development to ensure stability of the labour supply, increase productivity and improve living standard of workers by promoting skills training programs, strengthen the mechanisms for setting minimum wage and enhancing harmony in industrial relations based on the principles of positive union and the kindness of employers towards their employees. This can be done through existing mechanisms, including labour Advisory Committee and the Cambodia Productivity Committee (Appendix C, page 2)	<ul style="list-style-type: none"> - Ministry of Labour and professional training - Ministry of Education, Youth and Sports - Ministry of Industry, Science, Technology and Innovation - Ministry of Economy and Finance - Council for the Development of Cambodia - Labour Advisory Committee - Cambodia Productivity Commission 	
	<i>4.3.1.1. Strengthening the harmony of professional relations based on the principles of the positive attitude of the union and the morality of the employer towards the employees</i>		Completed
	4.3.2. Continue strengthening the tripartite Labour relation mechanism among the government, employers and employees through the Labour Advisory Committee in order to promote mutual understanding, while developing an effective mechanism for setting minimum wages consistent with Labour productivity, socio-economic conditions and status of industrial development in Cambodia (Appendix D, page 14)	<ul style="list-style-type: none"> - Ministry of Labour and Vocational Training - Other relevant ministries/institutions 	Completed
	4.3.3. Initiate a research study on the relationship between employees and employers in order to identify good practices in addressing systemic resolutions of industrial disputes, which could enhance labor productivity, i.e. professional training on addressing workers's issues in line with the existing labor law and regulations (Appendix D, page 15)	Ministry of Labour and Vocational Training	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	4.3.4. Prepare Law on Union and Law on Labour Court ⁽²⁾ (Appendix D, page 15)	Ministry of Labour and Vocational Training	Completed
	4.3.5. Review the Labour Law and the Law on Social Security to assess their strengths and weaknesses in order to emphasize the role of employers and unions in the process of labour market development while considering the balance between the need of development and well-being of workers (Appendix D, page 16)	Ministry of Labour and Vocational Training	Completed
	4.3.6. Prepare national policy on jobs and employment (Appendix D, page 16)	Ministry of Labour and Vocational Training	Completed
4.4. Improve job supply (4)	4.4.1 Strengthen the management mechanism for the recruitment of workers, the provision on labour market information and workers' training on their legal rights, especially related to reducing informal fees for getting jobs (Appendix D, page 15)	- Ministry of Labour and Vocational Training - National Employment Agency	Completed
	<i>4.4.1.1. Enhance awareness on building careers and technical skills as well as continuing education programs, to develop skills linked to existing vocational training.</i>		Completed
	4.4.2. Strengthen mechanisms to manage skilled workers, especially to be better prepared for ASEAN integration (Appendix D, page 16)	Ministry of Labour and Vocational Training	Delayed

² The draft law on Labor Court was discussed in a tripartite workshop in 2017. The draft law on labor dispute settlement procedures was completed in September 2017. A decision to stop preparing this draft law was issued on 17 October 2017 (Letter No. 1026 dated 17 October 2017 of the Office of the Council of Ministers) due to requests from relevant partners.





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	4.4.3. Strengthen the understanding regarding selection of professions and the relevant technical skills in as much as reinforcing the continuing education program for skills development in correlation with existing vocational training (Appendix D, Page 16)	Ministry of Education, Youth and Sports	Completed
4.5. Improve working conditions (8)	4.5.1. Further strengthen labour market mechanisms and skills training development to ensure stability of the labour supply, increase productivity and improve living standard of workers by promoting skills training programs, strengthen the mechanisms for setting minimum wage and enhancing harmony in industrial relations based on the principles of positive union and the kindness of employers towards their employees. This can be done through existing mechanisms, including Labour Advisory Committee and the Cambodia Productivity Committee (Appendix C, page 2)	<ul style="list-style-type: none"> - Ministry of Labour and Vocational Training - Ministry of Education, Youth and Sports - Ministry of Industry, Science, Technology and Innovation - Ministry of Economy and Finance - Council for the Development of Cambodia - Labour Advisory Committee 	
	4.5.1.1 Strengthening the mechanism for setting the minimum wage using "Labour Advisory Committee" / "National Minimum Wage Council"	<ul style="list-style-type: none"> - Cambodia Productivity Commission 	Completed
	4.5.2. Set a clear standards and guiding principles on environmental protection and production safety for investment projects located in SEZs and other industrial zones (Appendix D, page 6)	<ul style="list-style-type: none"> - Council for the Development of Cambodia - Ministry of Environment 	Completed
	4.5.3. Strengthen the working conditions auditing mechanism by extending the Better Factory Cambodia program or by exploring the possibility to form a joint task force to conduct regular audit so as to reduce the number of audits and promote audit	Ministry of Labour and Vocational Training	Completed

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	effectiveness. This task force must report to the Royal Government regularly (Appendix D, page 15)		
	4.5.4. Promote the welfare of workers by encouraging the formulation of a workers housing policy, which stipulates housing ownership for workers, thus enabling them to start a family and remove their needs to move frequently. Such policy could have the effect of reducing short-term Labour shortage (Appendix D, page 15)	- Ministry of Land Management and Urban Planning and construction - Ministry of Labour and Vocational Training	Completed
	4.5.5. Strengthen domestic savings mechanism, including the development and reform of pension fund and insurance sector as stated in the Financial Sector Development Strategy (Appendix D, page 23)	- Ministry of Economy and Finance - Ministry of Social Affairs, Youth Rehabilitation and Veterans Affairs - Ministry of Labour and Vocational Training	
	4.5.5.1. Strengthen domestic saving mechanisms through the development and reform of pension fund		In progress
	4.5.5.2. Redraft new Sub-Decree on Insurance		Completed
	5. Maximize domestic benefits		
5.1. linkage between domestic and foreign enterprises (including technology transfer) (3)	5.1.1. Conduct a study to develop industrial parks for SMEs in order to promote linkages between foreign enterprises and domestic enterprises, through their participation in regional production and value chain in the context of regional integration (Appendix D, page 5)	- Council for the Development of Cambodia - Ministry of Industry, Science, Technology and Innovation - Relevant Sun-national Administration	Completed
	5.1.2. Review the viability of providing support to SMEs for investment in machinery parts or production equipment as well as other incentives taking into consideration the local processing of raw materials; promoting quality of products and	- Ministry of Industry, Science, Technology and Innovation - Ministry of Economy and Finance	In progress





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	modernizing their production chain to link up to multinational companies (Appendix D, page 7)		
	5.1.3. Build the entrepreneurial capacity of local enterprises to enable them to deal better with large enterprises and foreign investment in SEZs (Appendix D, page 8)	- Ministry of Industry, Science, Technology and Innovation - Council for the Development of Cambodia	In progress
5.2. Strengthening national value chains	No measures respond to this Intervention Area		
5.3. Increase ownership of domestic enterprises	No measures respond to this Intervention Area		
5.4. Increase local agricultural processing (6)	5.4.1. Explore possibilities of establishing agro-processing zones such as furniture manufacturing, rubber processing, seafood processing, food processing for domestic use and export through public-private partnership (Appendix D, page 9)	- Ministry of Agriculture, Forestry and Fisheries - Ministry of Industry, Science Technology and Innovation	
	5.4.1. 1. Prepare a strategic development plan for Cambodian agro- industry	- Ministry of Commerce - Council for the Development of Cambodia	Completed
	5.4.1. 2. Prepare Law on Contract agricultural production		Delayed
	5.4.2. Provide incentives to companies to locate in these areas (Agro-processing zones) (Appendix D, page 9)	Coordinated by the Supreme National Economic Council (SNEC) Participating Ministries/Institutions : -Ministry of Economy and Finance	In progress

IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
		<ul style="list-style-type: none"> -Council for the Development of Cambodia -Ministry of Agriculture Forestry and fishing -Ministry of Industry, Science, Technology and Innovation 	
	5.4.3. Develop a coordination mechanism for processed agricultural product exports by way of addressing logistic issues, abolishing informal fees and improving trade facilitation (Appendix D, page 10)	<ul style="list-style-type: none"> - Ministry of Commerce - Ministry of Agriculture, Forestry and Fisheries - Ministry of Industry, Science, Technology and Innovation - Ministry of Economy and Finance 	Completed
	5.4.4. Conduct a study to identify priority products with potentials to be processed for export and prepare a comprehensive action plan based on value chain in order to enable the Royal Government to provide concrete support to these sectors. (Appendix D, page 10)	<ul style="list-style-type: none"> - Ministry of Commerce - Ministry of Agriculture, Forestry and Fisheries - Ministry of Industry, Science, Technology and Innovation 	Completed
General measures that are not part of the intervention area (8)	Reinforce the monitoring and evaluation mechanism for the implementation of investment projects so as to ensure compliance with their terms and conditions and applicable laws of Cambodia (Appendix D, page 2)	Council for the Development of Cambodia	Completed
	Rationalize revenue collection mechanism and improve taxpayer services to promote tax culture among enterprises and taxpayers (Appendix D, page 14)	Ministry of Economy and Finance	Completed





IDP objectives/ Intervention Areas	Measures/Sub-measures	Responsible Ministries/Institutions	Progress
	Increase provision of services to taxpayers in order facilitate access to information on tax payments and tax exemptions (Appendix D, page 140)	Ministry of Economy and Finance	Completed
	Review and improve the implementation procedures so as to avoid contradictions between tax collections and tax exemption procedures (Appendix D, page 14)	Ministry of Economy and Finance	Completed
	Improve the effectiveness and governance of public financial system through the allocation and development of public investment programs catered for industrial development (Appendix D, page 22)	- Ministry of Economy and Finance - Ministry of Planning	
	<i>Prepare and implement a data management system for public investment projects</i>		Completed
	<i>Improve efficiency and governance of the public financial system Special Discussions to serve industrial development</i>		Completed
	Elevate priorities on public investment programs for project activities and programs that promote industrial development, industrial clusters or industrial corridor (Appendix D, Page 23)	- Ministry of Planning - Ministry of Economy and Finance - Council for the Development of Cambodia	Completed

Clear measures (85)

Preparatory activities (24)

Unclear measures (14)

Note: Colour Code

List of Abbreviations

API	Additional Progress Indicator
ASEAN	Association of Southeast Asian Nations
CAGR	Compound Annual Growth Rate
CDC	Council for the Development of Cambodia
EBA	Everything But Arms
EIA	Environmental Impact Assessment
ESG	Environmental, Social, and Governance
FTA	Free Trade Agreement
GSP	Generalized System of Preferences
IDP	Cambodia Industrial Development Policy
JETRO	Japan External Trade Organization
KPI	Key Performance Indicators
LDC	Least Developed Country
MTR	Mid-Term Review
PA	Per Annum
RCEP	Regional Comprehensive Economic Partnership
RPS	Renewable Portfolio Standard
RTF	Report Template Format
STEM	Science, Technology, Engineering, and Mathematics
WDI	World Development Indicators
WITS	World Integrated Trade Solution

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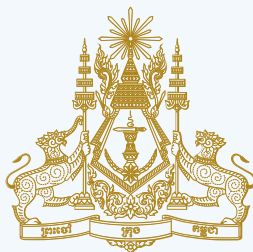
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