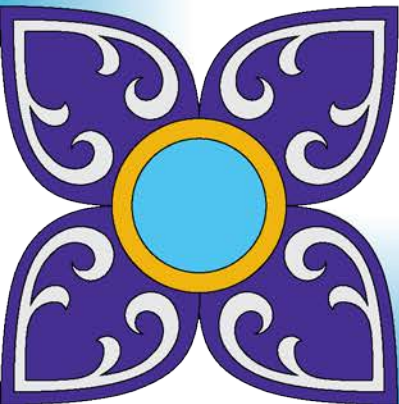




**សិក្ខាសាលាថ្នាក់តំបន់ស្តីពី “អភិក្រមគ្របដណ្តប់វិស័យពាណិជ្ជកម្ម,
របកគំហើញនៃគម្រោង EIF-CEDEP I & II, ការត្រួតពិនិត្យនិងវាយតម្លៃ,
លទ្ធផល និងផលប៉ះពាល់រយៈពេលវែង”
សណ្ឋាគារ មូនដូលី, ខេត្តព្រះសីហនុ, ២០ កក្កដា ២០១៦**



*By CHHIENG Pich,
Director, DICO
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Director, EIF-NIU*

Report of any wrongdoing under EIF Programs

Report of Any Wrongdoing under EIF Programs

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Part III
Study on Cambodia's Graduation
From LDC

Cambodia's graduation out of the LDC status

Complete in June 2016

Where we stand now?

Cambodia will soon become a lower middle income country according to the World Bank

This is an important achievement BUT....

It is only the first step towards achieving graduation from the LDC status

LDC Graduation – how far are we?

- **GNI per capita:** 853 USD – Graduation Threshold is 1,242 USD
 - At 7% to 8% growth per year we will reach the threshold by 2021
- **HAI:** Graduation threshold is 66 or above. We now qualify for graduation under this indicator with a score of 67.2 in 2015
- **EVI:** Graduation threshold is 32 or below – we score 38.3 in 2015
 - We scored 55.6 in 2009 / 50.5 in 2012
 - We are getting there but there is a high risk to graduate with a high EVI

HAI = Human Assets Index

EVI = Economic Vulnerability Index

The road to graduation – what should we focus on?

- With a sustained economic growth over the next 5 years at the level of the average growth of the Cambodian economy, we will reach GNI eligibility in 2021
- We need to monitor HAI to ensure we stay over the graduation threshold. New index will be added such as maternity mortality ration. The undernourishment is expected to be measured by levels of stunting. We need to monitor this.
- Most of the work to be done to ensure a smooth transition is about the Economic Vulnerability Index

The road to graduation – what should we focus on? (Cont’)

- Cambodia EVI index is mostly hampered by 3 sub-indexes
 - “remoteness”,
 - “share of agriculture, forestry and fishing in GDP” and the
 - “victims of natural disasters”
- This is the visible part of the iceberg as it has to be noted that the “merchandise export concentration” index would jump in the case all EU importing countries were aggregated into a single EU market destination

ONE KEY SUCCESS FACTOR LIES WITH THE DIVERSIFICATION
OF OUR ECONOMY

Graduation Impact

- Besides all the various issues our Government must consider to ensure a smooth path to graduation (tax revenues, productivity, economic diversification, labor market, infrastructures, health and education etc...) we must understand how graduation will impact us as such.

GRADUATION = LOSS IN PREFERENTIAL TREATMENTS PROVIDED TO LDCs by bilateral and multilateral partners, both from an ODA and a trading perspective

Graduation Impact (Cont')

- The major impact of graduation as such lies with our partners:
 - World Bank and ADB (middle income status)
 - UN (LDC status)
 - WTO (LDC status)
 - Bilateral and multilateral ODA providers (share of ODA tight to LDC status)
 - Bilateral and multilateral trading partners (preferential market access)

TO DATE THERE IS NO RECOGNIZED METHODOLOGY TO ASSESS THE IMPACT OF GRADUATION ACCORDING TO ALL THOSE FACTORS – IT MOSTLY DEPENDS ON OUR CAPACITY TO PROACTIVELY PREPARE THE GROUND WITH EACH PARTNERS

Graduation Impact – Risk mitigation

To mitigate the risks linked to graduation, we need to define a clear strategy:

1. From now towards graduation to ensure we lower our risk exposure (EVI)
2. After we are recommended for graduation to implement our “smooth transition strategy” (3 years period granted to graduating countries before graduation becomes effective)

How can the Eif helps us

From now towards graduation:

1/ Support our efforts in economic diversification

- sector based intervention in identified priority sectors
- competency development through targeted vocational curriculum development
- Investment promotion programs and sector based policy development

2/ Further build our capacity to better negotiate with partners

- WTO compliance post graduation
- bilateral and multilateral trade agreements

3/ Develop our “smooth transition strategy” and support the consultation and coordination process with all key partners at strategic level

How can the Eif helps us (Cont')

After graduation during the smooth transition period:

- 1.Coordinate with all partners to ensure commitment made in the smooth transition strategy are being implemented
- 2.Trade negotiation and capacity building for better advocacy when Cambodia becomes a member of the Developing Country Group (at the WTO and UN levels)



សូមអរគុណ! Thank You!

ក្រសួងពាណិជ្ជកម្ម
នាយកដ្ឋានសហប្រតិបត្តិការអន្តរជាតិ

អាសយដ្ឋាន: ឡូតិ៍លេខ ១៩-៦១ វិថីក្រសួងពាណិជ្ជកម្ម
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