

Support to the Initiative for ASEAN Integration (IAI): Cambodia

ASEAN Agreements to foster economic development and regional integration

With the launch of the ASEAN Economic Community in December 2015, the Initiative for ASEAN Integration (IAI) gains further traction and strengthens support to ASEAN's newer and lesser developed member states Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV countries) aiming at *Narrowing the Development Gap* and accelerating the regional integration process.

Cambodia therefore needs to prepare to embrace potential opportunities and to mitigate and counter economic risks in order to be competitive within the ASEAN market. While Cambodia has been changing economically, it still lags behind other comparable countries in the region¹. With Cambodia's transition towards a middle-income country, the basic sector composition has been moving towards a services-driven economy (40% of GDP). However, services remain particularly hampered due to shortages of skilled workforce and of institutional capacity, among other factors.

Cambodia's health care as well as education services are absolutely crucial for developing human capital as source of economic development. For economic growth and employment, the tourism sector is a leading source in Cambodia accounting for 14% of GDP² directly, not including indirect or induced contributions. Despite significant improvements in Cambodia's health care and tourism sectors, various challenges remain, including: Trade in service barriers limit economic regional potential, investments in services are still comparably low and there is a lack of qualified work force to deliver competitive service quality. These issues are rooted deeply, as most education and training facilities do not teach standardized curricula - let alone at ASEAN level - or prepare students adequately for work life e.g. through competency-based trainings.



GIZ IAI project - Bridging regional and national perspectives

The project provides support to the Integration of ASEAN within the framework of the ASEAN Single Market by enabling the free(er) flow of services, investment and qualified labour within the region. The project supports implementing and utilizing ASEAN agreements in trade in services (AFAS) and investment (ACIA) as well as ASEAN Mutual Recognition Arrangements (MRAs). The latter particularly aims at enhancing work force skills and qualifications as well as service delivery and to promote the mobility of skilled labour (see table), with a focus on tourism and health care sectors.

The IAI project runs operations in each CLMV country in order to adjust regional approaches to national specific needs and gaps and to provide demand-driven technical assistance.

ASEAN Strategy	ASEAN Economic Community	
	Pillar 1: Single Market and Production Base	
	Free flow of services and investment	Quality of workforce and service delivery and free flow of skilled labour
IAI project objectives	Support implementation and utilization of AFAS and ACIA.	Support implementation and utilization of MRAs in health and tourism.



PSE's tourism student serving food, Cambodia

Nurse advising mother on basic child care, Cambodia

¹ ADB (2013): Bright Spots for Cambodia's Service Sector Reforms Needed. News from Country Office. ADB website.

² WTTC (2014): Travel & Tourism Economic Impact 2015 Cambodia.

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*Customs official counts
money at border gate
Work process oriented
training
ASEAN flag*

IAI project in Cambodia

The Cambodian government recognizes the importance of the regional integration in its national strategic plans. In alignment with these, the GIZ IAI project supports the Government of Cambodia through a multi-stakeholder approach and links it with LMV governments for enhanced regional cooperation. GIZ facilitates national partner ministries (see table) in implementing and utilizing ASEAN agreements and supports related processes and work streams.

To strengthen the national services sector and a regional trade in services, the project supports MoC in developing intersectoral strategies for reducing non-tariff barriers and for promoting additional investments in tourism and health sectors. To test the waters for regional service development, GIZ IAI runs a pilot with selected tour operators (SMEs) in collaboration with Cambodian Travel Associations to enhance their competitiveness through regional operations.

MRA implementation in CLMV is still in its infancy. While no MRA on nursing services have been implemented so far, Cambodia leads the way in implementing the MRA for tourism professionals and is now facing the challenge of utilizing policies at micro level. GIZ IAI supports MoT and MoH respectively in their different stages. Implementing ASEAN competency-based standards means using technical and vocational education and training (TVET) approaches. GIZ IAI aims at working in close collaboration with MLVT and potentially selected private sector actors.

Project name	Support to the Initiative for ASEAN Integration (IAI) within the framework of the ASEAN Single Market
Project region	Cambodia, Lao PDR, Viet Nam, Myanmar (CLMV)
Commissioned by	Federal Ministry of Economic Cooperation and Development (BMZ)
Lead agency (regional)	Association of Southeast Asian Nations (ASEAN)
Main partners (national)	Ministry of Commerce (MoC; overall coordination) Ministry of Tourism (MoT; implementation) Ministry of Health (MoH; implementation) Ministry of Labour and Vocational Training (MLVT; policy mainstreaming) Ministry of Education, Youth and Sports (MoEYS; policy mainstreaming)
Duration	Jan 2016 – Dec 2017

Key Activities

The project supports regional processes and national partners through providing technical assistance, including also activities outlined below:

Technical expertise	<ul style="list-style-type: none"> ✓ Institutional regulatory and legal landscape review ✓ Technical support and advisory on policy implementation processes and work streams ✓ National technical dialogues and discussions (intra/inter ministerial, public/private, intra/inter sectoral)
Human and institutional capacity development	<ul style="list-style-type: none"> ✓ Detailed capacity needs and gaps assessments ✓ Awareness raising and capacity development on AEC ✓ Capacity development through workshops and trainings on implementing and utilizing ASEAN agreements and other stakeholders' needs ✓ Innovation labs with public/private sector
Facilitation of regional learning and negotiation processes	<ul style="list-style-type: none"> ✓ Regional dialogues and workshops for ministries ✓ Regional product development pilot ✓ Regional dialogues on MRA implementation ✓ Regional capacity development workshops and trainings

Published by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH Registered offices Bonn and Eschborn, Germany	In cooperation with	ASEAN Secretariat: Initiative for ASEAN Integration (IAI) and Narrowing the Development Gap (NDG) Division	
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