

REPORT

1st Project Advisory Committee Meeting

On

**“Sub-Sector Selection of
Food Processing and Light
Manufacturing Sectors**

ILO-STED Project

11th December 2015

Sunway Hotel, Phnom Penh, Cambodia

Report
1st Project Advisory Committee Meeting (PAC)
On
Sub-sector selection of food processing and light manufacturing sectors for ILO-STED Project
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1. Introduction

In line with the ILO Project on “Scaling up STED: Skills for Trade and Economic Diversification, a tripartite Project Advisory Committee (PAC) was officially established under a Prakas (Ministry Order No. 385) signed by H.E. Minister It Sam Heng, Ministry of Labour and Vocational Training (MOLVT) on 17 September 2015 and the Prokas (Ministry Order No. 496) signed by H.E. Minister It Sam Heng, Ministry of Labour and Vocational Training (MOLVT) on 08 December 2015.

The TOR on comprehensive assessment of the light manufacturing and food processing sectors was developed based STED practical guide and through consultations with ILO’s Specialists. Researcher team consists of 2 Government Institutions, National Employment Agency and National Institute of Statistic and a Consulting Firm, Crossroad to Development have conducted initial scanning food processing and light manufacturing sectors and its sub sectors in order to present to the members Project Advisory Committee to endorse.

2. Objectives:

The objectives of the 1st PAC meeting are:

- To introduce the ILO-STED project and the STED process to the members of the PAC;
- To present the Prakas on establishing the PAC;
- To present the Terms of Reference of the “In-depth assessment of the light manufacturing and food processing sectors;
- To present the initial scanning on products of light manufacturing and food processing sectors;
- To endorse the products of light manufacturing and food processing sectors to be conducted surveys by NEA, NIS and Crossroad to Development as stating in the TOR above.

3. Participants:

34 participants (M: 24; F: 10) have participated in the 1st PAC meeting on 11 December 2015 at Sunway Hotel, Phnom Penh, Cambodia organized by DGTVE and chaired by the Chairman of PAC. All participants were from:

- All members of PAC except member from NEA and CLC;
- Researcher team including National Employment Agency, National Institute of Statistic and Crossroad to Development;
- Directors/Deputy Directors and Officers of the Departments of DGTVE;
- ILO-STED project.

4. Meeting Agenda (Annex 1- Detailed meeting agenda)

The agenda of PAC meeting is to:

- Introduce the Prokas 385 and Prokas 496 on establishing a Project Advisory Committee (PAC) of the ILO Project on Skills for Trade and Economic Diversification (STED).
- Endorse the sub-sectors of light manufacturing and food processing sectors;

5. Opening remarks

H.E Laov Him, Director General of TVET delivered welcome remark to participants who have attended 1st project advisory committee meetings on “Sub-sector selection of food processing and light manufacturing sectors for ILO-Sida project on skills for trade and economic diversification (STED)”

His Excellency said before introduce the member of the project advisory committee for STED we would like to review on the background of the ILO-STED project.

His Excellency said the objective of this project is to identify the priority export sector and to support economic development.

H.E also mention that Ministry of Labour and vocational training and ILO have sign the agreement on the August 2015. On the last workshop held on August 2015 at Phnom Penh Hotel, we have invited the representative from the relevant ministry to participate the consultation workshop. The purpose of the workshop is to identify the priority sector within 10 priority export sectors and the result after discussion we have 4 sector such as Garment, Tourism, Light manufacturing, and processed food. On the workshop held on 25 September 2015, Within the 4 sector that we have selected 2 priorities sector such as Light manufacturing, and processed food.

HE said that, this morning we will looking on the 2 sectors for continuing depth study.

6. Overview of ILO-STED Project and STED process: (Annex 2)

Ms. Ma. Concepcion Sardaña, Chief Technical Advisor, ILO-STED Project gave a presentation as follows:

- **Skills for Trade and Economic Diversification – STED**
 - The ILO’s methodology to **identify and anticipate skills** needed to improve productivity, trade performance and employment in internationally tradable sectors
- **Human Resources Central to Capability of Firms to Trade**
 - **Strategy** choices are influenced by skills and capabilities of business leaders, and are constrained by the skills that can be provided.
 - **Technology** determines many skills needs, and the success of technology choices is influenced strongly by skills.
 - Operating **processes and business organization** determine many skills needs, and their success is influenced strongly by skills.
- **STED**
 - **Sector-based** methodology to provide strategic guidance on **integrating skills development** into policies to strengthen traded sectors
 - Designed to use skills to:
 - ✓ Improve competitiveness
 - ✓ Improve position in international trade
 - ✓ Drive growth in output and sales

- ✓ Create more decent employment
 - Essentially involves:
 - ✓ substantial skills sector studies for traded sectors
 - ✓ with strong social partner and stakeholder involvement, and
 - ✓ often with continuing project involvement in implementation (“Full Cycle STED”)
- **What is Distinctive about STED?**
 - Skills(Anticipation, Implementation)
 - Trade, Industrial Strategy
 - Sectoral Approach
 - Stakeholder / Tripartite Approach
- **Development Logic of STED**
 - Developing the right skills
 - Strengthens Business Capabilities of Target Sectors
 - Greater Productivity & Market Competitiveness
 - More Sales in Traded Markets
 - More Employment in Decent Jobs
- **Full Cycle STED**
 - Consultation with Constituents
 - STED Sector Selection
 - STED Sector Reports/
 - Sector Stakeholder Steering/Advisory Groups
 - Sector Implementation
 - ✓ Sector stakeholders
 - ✓ ILO support
 - ✓ Other development partners
 - National / Sector Skills Institutions
 - Stakeholder skills bodies
 - National capability in skills anticipation
- **STED Report**
 - A skills strategy to promote sector development
 - Key tool to promote implementation
 - ✓ Roadmap for implementation of the STED project
 - ✓ Roadmap for implementation by stakeholders directly involved in its development
 - ✓ Analysis useful to a wide range of ministries, agencies, development partners, donors not directly involved who are interested in planning, trade, enterprise development, education, training, environment ...
 - ✓ Tool to shape action by providers of education and training, funding bodies, quality assurance bodies, qualifications bodies.
- **Sector Selection – Criteria**
 - Economic development perspective
 - Potential for impact
 - National and sector stakeholders
 - Avoiding duplication / seeking synergies
 - TVET, universities, other provision
- **CTIS 2014-2018 Ten Priority Export Sectors**
 - Garments

- Footwear
- **Light manufacturing/special economic zones**
- **Processed food**
- Fisheries
- Milled rice
- Cassava
- Natural rubber
- Tourism
- High value silk

Questions and answers after the presentation:

Q1: When will the project start?

A1: We have introduced the project to the Ministry since June 2015. And the Minister appointed H.E Laov Him DGT VET to be the focal person of the STED's Project. Since we started the project, we have organized the consultation workshop held on 12 August 2015 to identify the priority sectors after that we have organized the Tripartite meeting on 25 September 2015 and between that period we have established the Prokas on establishing the Project Advisory Committee. Next year we will have more information and we will start the implementation stage and the project will finish in December 2017.

7. Introduce the Prokas 385 and Prokas 496 on establishing a Project Advisory Committee (PAC) of the ILO Project on Skills for Trade and Economic Diversification (STED): Annex 3 – Prokas 385;
Annex 4: Prokas 496

H.E Laov Him have introduced the 2 Prakas. On the Prokas 385 we have established the representative of relevant ministry and private sector for consultation for ILO-STED project.

In Prokas 495, we have registered the member of PAC by follow the nomination letter that we have received from the relevant ministries and private sector. The members of PAC have organized as following:

1	H.E. Laov Him	Director General, General Directorate of Technical Vocational Education and Training, Ministry of Labour and Vocational Training;	Chairman
2	H.E. Hong Choeun	Head of the National Employment Agency	Member
3	Ms. Tauch Chankesey	Deputy Director General, General Directorate of Trade Services, Ministry of Commerce	Member
4	Mr. Un Leang	Deputy Director General, General Directorate of Policy and Planning, Ministry of Education, Youth and Sports	Member
5	Ms. Sok Soputhea	Administrative Manager, Cambodia Chamber of Commerce	Member
6	Mr. Tep Sophorn	Director, Department of membership services, Cambodia Federation of Employers and Business Associations	Member
7	Representative	Cambodia Federation of Employers and Business Associations	Member

8	Mr. Som Aun	President, National Union Alliance Chamber of Cambodia	Member
9	Mr. Thourn Montry	Secretary General, Cambodia Confederation of Trade union	Member
10	Representative	Cambodian Labour Confederation	Member
11	Ms. Ma. Concepcion Sardaña	Chief Technical Advisor, ILO-STED	Member
12	Mr. Enn Vuthy	Representative of the General Directorate of Technical Vocational Education and Training	Secretariat

8. Present the Terms of Reference of the “In-depth assessment of the light manufacturing and food processing sectors: Annex 5 – Full presentation

Mr. Khleang Rim, National Project Officer, ILO-STED gave a presentation on the TOR on assessment of the light manufacturing and food processing sectors as follows:

- Background
- Scope of selected sectors
- STED project and methodology
- Scope of work
- Structure of STED report

9. Present the overview of food processing and light manufacturing sectors.

Annex 6 - Full presentations of overview of both sectors, food processing sector and light manufacturing.

Mr. Norberto Estepa, representative of researcher team (CDT, NEA and NIS) gave a presentation on Light manufacturing sector as follow:

- GDP by sector
- Employment by Sector %
- Export and Import
- Opportunities in Manufacturing Sector
- Perceived constraints in manufacturing sector
- Priority Sectors (IDP 2015-2025)

Mr. Edward V. Maningo, representative of researcher team (CDT, NEA and NIS) gave a presentation on Food Processing sector as follow:

- Sector Definition
- Sector Outlook
- Overview of processed foods (exports):Composition of Recorded and Estimated Informal Cambodia Exports
- No. of Factories (Classification ,2008,2011 and Change)
- Strengths
- Issues raised
- Patterns and Trends in Trade
- Estimates of AFF Product Imports by Cambodia, US\$ thousand, 2001-201

- Methodology
- Number of Establishments in Food Processing (FP)
- Registration of FP establishments
- FP Total Persons Engaged
- FP Annual Sale (million US\$)
- FP Export Value
- Top FP Products based on weighted criteria

Comment and clarification after the presentation:

Q1: The participant have concerned on the data of the study which is based on 2012, and suggested the representative of researcher team to make the clarification and update the data on the Import and export value, Investment Climate Assessment, Number of factories.

A1: The representative of researcher team clarify that the study is based on data of the economic survey 2011, the data focus on food processed and light manufacturing sector. Because of difficulty of communication between research team and some relevant ministries we do not have the up to date data in this study.

Q2: Is this study just preliminary data? Next step we will do the survey assessment or not?

A2: This study is based on available information. Next step we will conduct the survey on enterprise and university/institution that provide training.

10. Present the scanning of light manufacturing sector and sub sectors.

Mr. Cruz Abelardo, representative of researcher team (CDT, NEA and NIS) gave a presentation as follow:

- Definition
- Share of Manufacturing in Exports
- Business Environment
- Recent investments in key LM Sectors
- Light Manufacturing in SEZ
- Global/Asian demand for manufactured goods
- SWOT/KEY ISSUES
- Light Manufacturing (LM) and No. of Establishments
- Light Manufacturing (LM) Registration
- Number of persons engaged
- LM Annual Sale (million US\$)
- LM Export Value (million US\$)
- Top Ten LM Products

11. Endorsement on sub sectors of light manufacturing and food processing sectors:

Light Manufacturing Sector

After presentation, all participants has discussed on the top ten of sub sectors of light manufacturing below for selecting the sub sectors to be continued for conducting deep assessment:

Products	1	1	3	2	3	3	
	Estab#	Regtrd	Person Engage	Annual Sale	Export Value	Emerging	Total
Structural metal	0.8	0.7	2.1	1.4	0	0	4.9
Manufacture of plastics and synthetic rubber in primary forms	0	0.2	1.8	0	1.8	0.2	4.1
Manufacture of bicycles and invalid carriages	0	0	0.5	1.2	2.1	0.2	4
Manufacture of clay building materials	0.4	0.8	2.3	0.3	0	0	3.8
Manufacture of furniture	0.6	0.6	1.4	1.1	0	0	3.6
Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	0.5	0	0.9	0	1.6	0	3
Manufacture of other electrical equipment	0	0	0	1.5	1.2	0.2	2.9
Manufacture of articles of lime, cement and plaster	0.6	0.6	1.6	0	0	0	2.8
Manufacture of jewellery and related articles made of precious and semi-precious materials	0.7	0.5	1.2	0	0.2	0.2	2.8
Manufacture of corrugated paper and paperboard and of containers of paper and paperboard	0	0.2	0	0	2.3	0.2	2.8

After discussion, all participants have endorsed the top 5 sub – sectors of the light manufacturing sector as following:

- Structural metal
- Manufacture of plastics and synthetic rubber in primary forms
- Manufacture of bicycles and invalid carriages
- Manufacture of clay building materials
- Manufacture of furniture

Food Processing Sector

After presentation, all participants has discussed on the top ten of sub sectors of food processing below for selecting the sub sectors to be continued for conducting deep assessment:

Product	1	1	3	2	3	3	
	Estab#	Regtrd	Person Engage	Annual Sale	Export Value	Emerging	Total
Manufacture of grain mill products	0.8	0.8	2.3	1.4	2.3	2.3	9.9
Manufacture of sugar	0.7	0.0	2.1	0.0	1.8	2.3	6.9
Manufacture of soft drinks	0.2	0.6	1.2	1.5	0.0	2.3	5.8
Manufacture of starches and starch products	0.2	0.2	0.7	0.0	2.1	2.3	5.5
Distilling, rectifying and blending of spirits	0.6	0.0	1.8	0.8	0.0	2.3	5.5
Processing of food and vegetables	0.0	0.5	0.0	1.1	1.4	2.3	5.2
Manufacture of wines	0.3	0.2	0.0	0.6	1.6	2.3	5.0
Manufacture of malt liquors and malt	0.0	0.0	0.9	0.9	0.7	2.3	4.8
Manufacture of macaroni, noodles, couscous and similar farinaceous products	0.6	0.4	1.6	1.2	0.5	0.0	4.2
Processing of fish and mollusks	0.1	0.3	0.2	0.0	1.2	2.3	4.1

Due to limited data and need recent year data, the PAC members have commended that to get more information/ data for food processing than the PAC can select the sub sectors of food processing sectors.

12. Next steps:

Ms. Ma. Concepcion Sardaña, Chief Technical Advisor, ILO-STED Project gave a presentation as follow:

- **Assessment of Food Processing and Light Manufacturing Sectors (Dec 2015-April 2016)**

DESK REVIEW AND PREPARATION FOR SURVEYS

- Desk review and individual/focused consultations with stakeholders in the selected sub-sectors of food processing and light manufacturing sectors
- Preparation of survey questionnaires
- Testing and finalizing questionnaires
- Training of survey team

FIELD WORK

- Possible conduct of rapid assessment of the selected sub sectors of both sectors
- Conduct skill surveys
- Conduct enterprise surveys

DATA PROCESSING AND REPORT DRAFTING

- **Workshops/Meetings**

No	Description	Timeframe	Number of participants/ remark
1	Workshop on the 1 st draft of report on food processing	24 February 2016	40 participants
2	Workshop on the 1 st draft of report on light manufacturing sector.	25 February 2016	40 participants
3	Workshop on the 2 nd draft of report on food processing	24 March 2016	40 participants
4	Workshop on the 2 nd draft of report on light manufacturing sector	25 March 2016	40 participants
5	2 nd Project Advisory Committee meeting	28 April 2016	30 participants
7	*STED support to curriculum development including discussion on Competency Standard (CS), Competency Based Curriculum (CBC) and Competency Based Learning Package (CBLP)	February 2016	DGTVET, TVET Institutions
6	*Training workshop on skill anticipation	March 2016	30 participants

13. Closing remarks

In his closing remark, H.E. Laov Him expressed his thanks to Ms. Ma. Conception Sardana and Mr. Kleang Rim, ILO staff for always participated and contribution for helping to develop human resources. He also added that in the meeting we have discuss on the information presented by the research team. We found that there is lack of information regarding to the 2 selected sectors, so we hope our research team will conduct the study with the participant to get more information to develop useful report for the next step of the project.

H.E. Laov Him thanked all participants and closed the 1st project advisor committee meeting at 12:00pm.