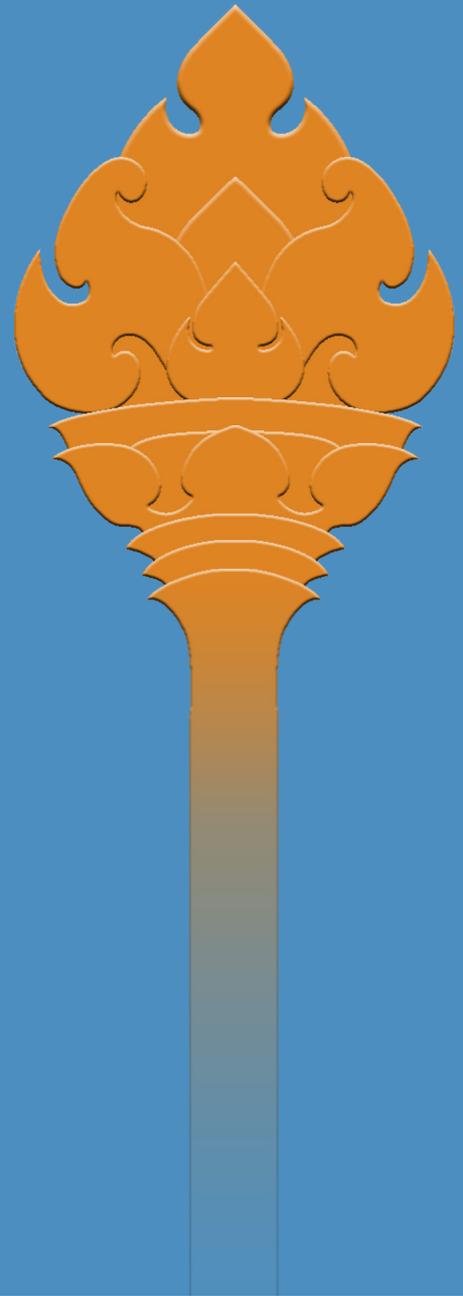




Department of International  
Cooperation  
Ministry of Commerce

# MTP 2016 - 2020

## 2016 - 2020 Medium Term Plan for the Implementation of Cambodia's Trade SWAp



[www.moc.gov.kh/tradeswap](http://www.moc.gov.kh/tradeswap)

Facebook: TDSP&EIF

**KINGDOM OF CAMBODIA  
NATION RELIGION KING**

**DEPARTMENT OF INTERNATIONAL COOPERATION  
MINISTRY OF COMMERCE**

**2016-2020 Medium  
Term Plan for the  
Implementation of  
Cambodia's Trade SWAp**

**Ministry of Commerce**



# Table of Contents

<b>Acronyms</b>	3
<b>Foreword</b>	5
<b>Preface</b>	6
<b>Executive Summary</b>	7
<b>Acknowledgments</b>	10
<b>1.</b> Introduction	11
<b>1.1</b> Purpose of the Medium Term Plan	12
<b>1.2</b> Methodology	13
<b>2.</b> Situation Analysis	14
<b>3.</b> Aid for Trade to Cambodia	18
<b>4.</b> Medium Term Plan: Areas for Future Technical Assistance	20
<b>5.</b> Medium Term Plan Priority Clusters' Concept Note Notes	32
<b>6.</b> Strengthening Trade Mainstreaming	35
<b>6.1</b> Status of Trade Mainstreaming in Cambodia	36
<b>6.2</b> Recommendation for Improving Monitoring of the Trade SWAp Roadmap	37
<b>Annexes</b>	
<b>1</b> Trade SWAp Road Map 2014-2018 Stocktaking exercise	39
<b>2</b> Five priority Clusters- Detailed Concept Notes	116
<b>3</b> Comparison of Trade SWAp targets vs line ministries and NSDP RS targets	166



# Acronyms

ADB	Asian Development Bank
AEC	ASEAN Economic Community
AFD	Agence Française de Développement
AfT	Aid for Trade
AGOA	African Growth and Opportunity Act
ASYCUDA	Automated System for Customs Data
ATIGA	ASEAN Trade in Goods Agreement
AusAid	Australian Agency for International Development
CDC	Council for the Development of Cambodia
CRF	Cambodian Rice Federation
CTF	Cambodian Tourism Federation
CTIS	Cambodia Trade Integration Strategy
DFQF	Duty-free-quota-free
DICO	Department of International Cooperation
EBA	Everything but Arms
EIF	Enhanced Integrated Framework
EU	European Union
FAO	UN Food and Agriculture Organization
GDCE	General Department of Customs and Excise of Cambodia
GI	Geographical Indication
GMAC	Garment Manufacturers Association in Cambodia
G-PSF	Government-Private Sector Forum
GSP	Generalized System of Preferences
IDP	Industrial Development Policy
IFC	International Finance Corporation
ILO	International Labor Organization
ILCC	Industrial Laboratory Center of Cambodia
JICA	Japan International Cooperation Agency
MAFF	Ministry of Agriculture, Forestry and Fisheries
MoC	Ministry of Commerce
MEF	Ministry of Economy and Finance
MoH	Ministry of Health
MoIH	Ministry of Industry and Handicrafts
MPWT	Ministry of Public Works and Transport
NGO	Non-governmental Organization

NSLH	National Specific Laboratory House (rubber)
NTM	Non-tariff measures
ODA	Official Development Assistance
PPP	Public Private Partnership
RCEP	Regional Cooperation Economic Partnership
RGC	Royal Government of Cambodia
SDC	Swiss Development Cooperation
SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
SNEC	Supreme National Economic Council
SPS	Sanitary and Phytosanitary Measures
SSC-TD-TRI -SWAp	Sub-Steering Committee on Trade Development and Trade-Related Investment Sector-wide Approach
TBT	Technical Barriers to Trade
TDSP	Trade Development Support Programme
TVET	Technical Vocational Education and Training
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WB	World Bank
WIPO	World Intellectual Property Organization
WTO	World Trade Organization



# Foreword

Since the late 1990s, Cambodia has pursued actively the liberalization of its economy and the rapid development of its trade sector through the introduction of important policy reforms and the encouragement of investment. The fruits of these efforts culminated in the country's Accession to the World Trade Organization in 2004 and, possibly, more importantly, through steady rapid growth for the past 15 to 20 years. In recent years, in addition to its continued strong pursuit of integration in the global economy, Cambodia has also been focusing on the many new opportunities opened by the introduction of the ASEAN Economic Community (AEC.) AEC is expected to cement yet a new area of rapid development for Cambodia and its ASEAN partners.

On February 18, 2014, H.E. Prime Minister Hun Sen launched the Cambodia Trade Integration Strategy 2014-2018 (CTIS 2014-2018) and its accompanying Trade SWAp Roadmap 2014-2018. CTIS 2014-2018 and its Trade SWAp Roadmap are the third in a series of strategies prepared by the Royal Government of Cambodia over the years to guide its effort and mobilize technical assistance from development partners in order to accelerate the development of its trade sector as one of the drivers of Cambodia's growth and poverty-reduction strategy.<sup>1</sup>

In March 2015, the Ministry of Commerce requested technical support from the United Nations Development Program (UNDP) to work with the Department of International Cooperation (DICO) to prepare a Medium Term Plan (MTP.) The objective of the MTP was to measure initial progress against the Trade SWAp Roadmap launched in February 2014 and identify where Aid for Trade (Aft) is already in place to support the Road Map and where it might be lacking. As a result of the work by DICO and the UNDP Team, the MTP has identified ten Clusters of Actions in the Roadmap requiring additional Aft support for the period 2016-2020.

In the coming weeks and months, the Ministry will dialogue actively with development partners to mobilize additional support in the ten areas identified in the MTP. As already mentioned, the Royal Government of Cambodia sees trade as an important tool for inclusive growth. Through promoting inclusive growth, Cambodia expects to emerge rapidly from its status as a Least Developed Country and join the world community of middle income countries. But to succeed, it will continue to need technical support from its development partners.

In closing, I would like to thank the UNDP for its collaboration with DICO on this effort and the Enhanced Integrated Framework for financing this particular task. I would also like to encourage all of our development partners to join us in the months ahead in a healthy dialogue on how best they can help Cambodia in addressing the ten Clusters identified in the MTP.

Phnom Penh, 03 February 2016



**H.E. SUN Chanthol,**

Senior Minister,  
Ministry of Commerce

<sup>1</sup> Previous strategies were formulated in 2001 and 2007.



# Preface

The Ministry of Commerce has spearheaded efforts towards a more integrated approach for the development of the trade sector and coordination of Aid for Trade in Cambodia through the launch of the Trade Sector-Wide Approach (SWAp) in 2008. The Department of International Cooperation within the Ministry has played a critical role in leading such efforts and in building capacity in the Ministry and other line Ministries towards enhancing ownership of the trade agenda and improving the management, monitoring and evaluation of trade-related programs and projects.

The Enhanced Integrated Framework (EIF), the Trade Development Support Program (TDSP) funded by the EU, Danida, and UNIDO as well as supports from other development partners have been important in developing institutional capacity in Cambodia and in addressing current trade priorities as reflected in the Trade SWAp Roadmap 2014-2018. The Medium Term Plan takes stock of such progress, evaluate gaps in current trade-related technical assistance, and prioritize additional areas of needed support for the next five years. The Medium Term Plan identifies ten clusters of activities that could benefit from additional technical assistance. MoC intends to use the ten clusters to facilitate a dialogue between Cambodia stakeholders and development partners for the financing of a new cycle of Aid of Trade interventions in the country. The estimated resources needed for the top five clusters – Trade policy, sector policy, legal and regulatory reform; Trade facilitation and transport logistics; SPS and other quality systems for trade; Private sector structuring; and, Development of inclusive value chains – amount to approximately \$30 million over five years.

Through the prioritization of actions in the ten clusters, the Medium Term Plan should better position Cambodia to respond to the challenges and opportunities provided by deepening regional integration and fast changes in the global economic landscape that are giving the Asian region increasing prominence. Its successful implementation will depend on the concerted actions and contributions – financial, human, and technical – of Cambodian stakeholders in government, the private sector, civil society, or academia well as among development partners.

The Ministry of Commerce is fully committed to continuing dialogue and coordination of Aid for Trade in the country and further strengthening accountability, transparency and participation in the formulation, implementation and monitoring and evaluation of Aid for Trade programs. I call upon all of you to actively engage and support the Medium Term Plan implementation.

Phnom Penh,  February 2016



**H.E. Mrs. TEKRETH Kamrang**

Secretary of State  
Enhanced Integrated Framework Focal Point  
Ministry of Commerce



# Executive Summary

The Royal Government of Cambodia (RGC) has introduced significant economic reforms over the last 20 years and endorsed trade integration as a pillar of economic development acceding to the World Trade Organization (WTO) in 2004. As a result, Cambodia has made significant development progress. Taking advantage of a convergence of views with its development partners, the RGC adopted an integrated approach towards trade development and aid for trade coordination through the establishment of the Trade Sector Wide Approach (SWAp) in 2008. There is wide consensus that the Trade SWAp has contributed greatly to articulating national trade priorities, enhancing quality of dialogue between the Cambodian Government and development partners and, to a lesser extent, with the private sector, as well as reducing duplication and increasing synergies among assistance from different donors.

The Ministry of Commerce (MoC), through the Department of International Cooperation (DICO), serves as Secretariat to the Trade SWAp and is responsible for coordinating Aid for Trade (AfT) to Cambodia, as well as monitoring results and impacts.

The objective of Cambodia's Medium Term Plan (MTP) is to identify and prioritize areas where future technical assistance, in addition to ongoing support, may be necessary to accelerate the implementation of Cambodia Trade Integration Strategy (CTIS) and Trade SWAp Roadmap 2014-2018.<sup>2</sup>

DICO launched the formulation of the Medium Term Plan in March 2015 with technical support from UNDP and financial assistance of the Enhanced Integrated Framework (EIF). To do so, DICO set in motion a broad consultative process involving stakeholders in government, private sector and development partners.

The formulation of the Medium Term Plan comes at a time when DICO is completing the implementation of the Trade Development Support Program (TDSP) and the EIF Tier 1 grant. Those have been critical in developing capacity in MoC and other government agencies, for implementing the trade agenda. Moreover, the launch of a new programming cycle by the European Union as well as on-going programming by other partners focusing on trade are an opportunity for assessing results and engaging in a discussion about better alignment of donor's support to the priorities identified in the Trade SWAp Roadmap.

The Medium Term Plan was developed through a four-stage process that involved:

- i) Assessing progress made by Cambodia in implementing the outcomes and indicative actions outlined in the Trade SWAp Roadmap and documenting the availability of technical assistance and needs for the future;
- ii) Identifying and prioritizing clusters of activities for furthering the implementation of the Trade SWAp Roadmap. This process was led by the Senior Minister, MoC with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC-TD-TRI);
- iii) Formulating cluster concept notes for the top five clusters to allow DICO and relevant Cambodian stakeholders to engage with partners in program formulation and resource mobilization. The five concept notes were formally endorsed by the SSC-TD-TRI on 17 November 2015; and,
- iv) Formulating additional concept notes to cover the remaining five clusters at a subsequent stage, to complete coverage of all areas requiring additional technical support.

The ten clusters in the order prioritized by the SSC-TD-TRI are:

<sup>2</sup> The Trade SWAp Roadmap 2014-218 sets out 20 outcomes around both cross-cutting issues as well as sector specific actions to advance reforms and priorities for trade development in Cambodia.

1. Trade Policy, Sector Policy, Legal and Regulatory Reform;
2. Trade Facilitation and Transport Logistics;
3. SPS and Other Quality Systems for Trade;
4. Private Sector Structuring;
5. Development of Inclusive Value Chains;
6. Trade Mainstreaming and Management of Aid for Trade;
7. Skills for Exports;
8. Investment Environment, Integration in Regional Value Chains, Backward Linkages;
9. Rural Development for Exports including Extension Services, Cooperatives Development, Surveillance Services;
10. Access to Finance.

The Medium Term Plan will inform the formulation of new Aid for Trade programs in Cambodia for the next five years. The estimated budget needs for the top five cluster concept notes is approximately \$30 million over this period.

The RGC adopted a Development Cooperation and Partnerships Strategy 2014-2018 to promote development effectiveness in the implementation of the National Strategic Development Plan 2014-2018 and Rectangular Strategy III. The strategy, which includes AfT, lays out the principles of development cooperation in Cambodia and the institutional framework for promoting coordination and alignment in the allocation and monitoring of ODA. The Trade SWAp is institutionally linked to the broader ODA coordination through the Government – Donor Joint Technical Working Group on Private Sector Development.

Implementation of projects under the Medium Term Plan should benefit from lessons learned from past and on-going trade-related programs. This is the case in particular, for projects under the TDSP and the EIF which have contributed to enhancing capacity in DICO, MoC departments and other Government agencies in formulating, implementing, monitoring and evaluating trade-related projects and programs as well as contributed to progress in mainstreaming trade in the country. Such capacity and the strong ownership of the trade agenda by key stakeholders in country position Cambodia favorably among LDCs to take up a leadership role and share its experience in trade development.

Progress in implementing the Trade SWAp Roadmap is evident across the 20 outcomes. Details are provided in Annex 1 of the Medium Term Plan.<sup>3</sup> Some examples of achievements include the creation of a National Trade Repository of Non-Tariff Measures with an initial inventory of 390 measures, contributing to transparency in the trade regulatory environment and responding to Cambodia's commitments under ATIGA; early stage automation of key customs documents such as certificates of origin and SPS certificates to facilitate and reduce costs of transactions for trade operators; creation of the Cambodia Rice Federation to articulate the position of the private sector and providing an interlocutor to Government to discuss policy orientations for the sector; initial steps to brand Cambodia's fragrant rice; increase in the number of rice millers HACCP certified to facilitate market access for exports; creation of the Cambodian Garment Training Institute to address skill gaps in this key export sector including targeting middle and high level positions to substitute expatriates with local workers; establishment and operationalization of the Trade Training and Research Institution (TTRI) to develop capacity of MoC and other government officials in trade-related matters and formulate policy-oriented research responding to the needs of the country on a sustainable basis, etc.

The Medium Term Plan identified clusters outline the areas where further work is needed in light of the progress made and the changing and challenging trade environment facing Cambodia in the coming years.

Going forward ensuring the maximum impact and effective results from Aid for Trade will be critical for

<sup>3</sup> Noting that the planned implementation period for the Trade Roadmap extends through 2018.

Cambodia since trends in ODA and AfT, show development finance to the country transitioning from grants to loans. This trend is likely to accelerate in the coming years against the expectation of graduation by Cambodia to middle income country status. To this effect, strengthening planning and monitoring tools and better integrating in the planning and budgeting processes national and ODA financing is important. This will allow government and other stakeholders to assess results against national policy objectives and targets rather than projects.

Against this backdrop and in the context of the Medium Term Plan implementation, the MoC through DICO may want to focus efforts on:

- i) Enhancing its capacity to monitor results of the Trade SWAp at the outcome and development impact/goal level. Currently, DICO has only a partial view of programs and projects within the scope of the Trade SWAp most notably, those funded under the EIF and the TDSP. DICO faces challenges in monitoring the work of line ministries or the private sector in areas of relevance to the Trade SWAp. To address this gap, enhanced coordination mechanisms, tools and incentives should be devised for encouraging all concerned actors –line ministries and development partners - to report relevant programs and initiatives through the Trade SWAp;
- ii) Formulating adequate tools within the context of the Trade SWAp, to integrate monitoring of all sources of funding – national budget and Aid for Trade. DICO may engage support from MEF for accelerating MoC alignment of program-based budgeting, including integrating Aid for Trade and national resources into a single planning and budgeting framework.



# Acknowledgments

This report was prepared by a UNDP team under the direction of the Ministry of Commerce. Funding was provided by the Enhanced Integrated Framework (EIF). The team included Ms. Luisa Bernal and Messrs. Thierry Noyelle and Chan Sophal. The team is thankful for the assistance and leadership provided by the Ministry of Commerce and its Department of International Cooperation (DICO) including from Mr. CHHIENG Pich, Director, his colleagues, and Mr. Sven Callebaut, MoC Aid-for-Trade Adviser, and the guidance provided by the Senior Minister and Minister of Commerce, H.E. Mr. SUN Chanthol and Secretary of State, H.E. Mrs. TEKRETH Kamrang.

## 1



# Introduction

The Royal Government of Cambodia (RGC) introduced significant economic reforms over the last 20 years and endorsed trade integration as a pillar of economic development acceding to the World Trade Organization (WTO) in 2004. As a result, Cambodia has made significant development progress. Sustained high rates of growth over the last 20 years supported by rapid increase in trade and exports, have contributed to significant progress in human development. Following the Cambodia Trade Integration Study (CTIS) in 2007, and taking advantage of a convergence of views with development partners, the RGC adopted a more integrated approach towards trade development and aid for trade coordination. The CTIS 2007 provided the conceptual underpinning for the definition of trade priorities over a period of several years, and the enhancement of the institutional framework for trade coordination through the establishment of the Trade Sector Wide Approach (SWAp). Since then, Aid for Trade (AfT) to Cambodia has increased as shown in this report, and the RGC has taken additional steps towards trade mainstreaming in national development plans, latest in the National Strategic Development Plan 2014-2018 and the Rectangular Strategy III which represents the current legislature's policy priorities.

The Ministry of Commerce (MoC), through the Department of International Cooperation (DICO), serves as Secretariat to the Trade SWAp and is responsible, more broadly, for the coordination of AfT to Cambodia, as well as monitoring of results and impacts. Institutional strengthening support by the Trade Development Support Program (TDSP) funded by Danida, the EU and UNIDO, as well as the assistance by the Enhanced Integrated Framework (EIF) have been critical in developing capacity at MoC.

The formulation of the Cambodia Trade Integration Study in 2013 further consolidated ownership by MoC and national stakeholders in the definition of trade priorities. The report updated the Trade SWAp Roadmaps responding to the new challenges faced by the country in the context of a highly dynamic and competitive regional and global trade environment.

Against this background, the formulation of Cambodia's Medium Term Plan (MTP) seeks to facilitate a process of prioritization of areas where future technical assistance, in addition to ongoing support, will be necessary based on an understanding of current status of implementation and support available for the Trade SWAp Roadmap implementation. The report explains the methodology used for its formulation. It provides a brief overview of the trade sector in Cambodia leading to the definition of the Trade Roadmap. Progress and ongoing technical support are analyzed against the Outcomes and Actions mapped out by stakeholders in the Trade SWAp Roadmap launched by the Prime Minister in February 2014. That analysis is followed by a discussion of ten thematic areas or clusters where additional technical assistance is identified as necessary to further the Trade Roadmap implementation through 2020. Detailed concept notes and priority programs for immediate resource mobilization are included, involving funding needs of approximately \$30 million covering the top five thematic areas or "Clusters." Finally, the report concludes with recommendations on trade mainstreaming at the policy level to enhance the monitoring and evaluation of trade-related programs in Cambodia taking into account the changing aid environment globally and in the expectation of graduation from LDC status of Cambodia in particular.

# 1.1

## Purpose of the Medium Term Plan



The purpose of the Medium Term Plan is to take stock of the progress of implementation of Cambodia's Trade SWAp Roadmap 2014-2018, review areas already receiving technical support, and identify and prioritize areas where additional technical assistance is necessary for advancing the implementation of the Roadmap in the next five years.

The timing chosen for the formulation of the Medium Term Plan takes into account important developments on Cambodia's institutional trade landscape:

- i) the completion of a cycle of on-going projects – most notably the Enhanced Integrated Framework (EIF) Tier 1 grant which contributed to the institutional strengthening of the Trade SWAp Secretariat at the Department of International Cooperation (DICO) in the Ministry of Commerce (MoC) and the Trade Development Support Program funded by the Multi-Donor Trust Fund in Trade-Related Technical Assistance in Cambodia both of which helped structure the institutional framework for the implementation of the Trade Roadmap up to now. The completion of these programs is an opportune occasion for assessing achievements so far and make adjustments in implementation modalities as necessary;
- ii) the launch of a new programming cycle by the European Union, Cambodia's main bilateral development partner for trade-related technical assistance, both at the bilateral and regional levels as well as ongoing programming by other development partners which open an opportunity to better align funding towards the priorities identified in the Roadmap; and,
- iii) the launch of the second phase of the EIF with a replenishing of the Fund expected early 2016. Completion of the Medium Term Plan will allow Cambodia to access additional financial resources both locally and from the EIF Tier 2 window starting next year.

## 1.2

## Methodology



DICO launched the formulation of the Medium Term Plan in March 2015 with technical support from UNDP and financial assistance of the EIF. DICO set in motion a consultative process involving stakeholders in government, private sector and development partners at four stages:

- i) First, assessing Cambodia's progress in implementing the outcomes and specific indicative actions outlined in the Trade SWAp Roadmap launched by the Prime Minister in February 2014 as well as documenting the availability of technical assistance and needs for the future. This first stage allowed the technical team of UNDP to map out areas where additional technical assistance would be necessary in future.
- ii) Second, prioritizing clusters of activities for furthering the implementation of the Trade SWAp Roadmap. This prioritization was led by the Senior Minister, MoC with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC-TD&TRI). They commented on the ten cluster identified for future technical assistance by the technical team and prioritized them for purposes of immediate resource mobilization.
- iii) Third, formulating cluster concept notes for the top five clusters to allow DICO and relevant stakeholders to engage with partners on program formulation and resource mobilization. The five concept notes were shared with members of the SSC-TD&TRI and other interested parties for comments and inputs, and then formally endorsed by the Committee on 17 November 2015. And,
- iv) Fourth, completing five additional concept notes to cover the remaining five clusters following completion of this UNDP-MoC project and using DICO's own resources to complete coverage of all areas requiring additional technical support

Cambodia's exports have grown very rapidly in recent years. Since the late 1990s, Cambodia has relied heavily on exports of garments and tourism services for its external earnings. Up until 2011, garments exports were directed mainly at the US market. Since 2012 however, the EU has become the leading export market. As of 2014, garment exports to the US represented 35 percent of all garment exports; 41.5 percent to the EU.<sup>4</sup>

Diversification of product and service exports and diversification of destinations have been major policy goals of the Government for a number of years and were a key theme examined in CTIS 2007. There is clear evidence that the Government's and private sector's efforts to bring about such diversification have begun to pay off.

Recorded exports of goods and services grew at a near average of 13 percent per annum between 2007 and 2011, from \$4.509 billion to \$7.335 billion. To this, CTIS 2014 estimated a possible additional \$825 million in informal exports in 2011.<sup>5</sup> While the garment and tourism sectors continued to hold a very large share of recorded exports, their combined share declined as the share of other recorded exports grew from 10 to 20 percent during the same 2007-2011 period – reflecting the rapid growth of agricultural exports and the emergence of new manufacturing exports such as shoes, bicycles, and small electrical goods.

In term of destinations, exports to the US as a share of total exports have declined. In contrast, the share of exports to the EU, Canada, China, Japan, Thailand, and Vietnam has increased rapidly. For recorded goods exports alone, the US share declined from 64 to 41 percent between 2007 and 2011. Major developments behind these declines are the stagnation of garment exports to the US, the rapid growth of garment exports to the EU, Canada, and Asian markets and the growing importance of agricultural trade within the Greater Mekong Sub-region (GMS) and larger Asian region. Interestingly, the shifts registered in goods are matched by similar shifts in the tourism sector. During the same 2007-2011 period, the share of arrivals of international tourists from the Asia-Pacific region grew from 62 to 73 percent, while total arrivals grew by approximately 10 percent per annum on average during those years.

Three main factors explain those developments:

- Trade Preferences and Rules of Origin;
- Growing investment in supply capacity, including development of a vibrant Cambodian private sector; and
- Continued reform in the business environment.

Cambodia is making significant use of trade preferences. The US does not provide preferences for garments.<sup>6</sup> The EU does under its "Everything-but-Arms" program (EBA), as do Canada, China, South Korea, Japan and several other trading partners under either GSP and DFQF programs or FTAs. The largest change was the change in EU's EBA rules of origin in January 2011. Exports to the EU more than doubled between 2007 and 2011 from \$664 million to \$1,503 million. Eighty percent of Cambodia's growth in recorded goods

4 Source: GMAC website

5 *Cambodia Trade Integration Strategy 2014-2018, Full Report*, page 36

6 Cambodia does not benefit from preferences comparable to those extended by the US to African countries under the AGOA program.

exports during 2007-2011 was targeted to markets offering preferential access. This access will remain the key determinant of export performance in the period ahead.

A key feature of all preferential schemes is their rules of origin, i.e. the set of rules that must be followed to determine whether or not goods produced in Cambodia are eligible for preferential access into the importing country. The rapid development in garments and bicycle exports from Cambodia to the EU has been driven in no small part by beneficial rules of origin. At the same time, the entry into force of the ASEAN Economic Community (AEC), the forthcoming Regional Cooperation Economic Partnership (RCEP), that will include 16 ASEAN members and Dialogue Partners in a new Free Trade Agreement, the EU-Vietnam FTA, to be followed possibly by an EU-Thailand FTA, and other regional arrangements under the making could reshape significantly preferences, including benefits from Rules of Origins, for Cambodia.

Rapid growth has been supported also by fast growing new investment, both foreign and domestic, in many sectors of the economy, including export sectors in particular. These developments are reviewed in detail in the chapter on investment environment in CTIS 2014-2018. Clearly, changes in market access are driving where new investment is going and investment itself is being facilitated by improvements in the domestic business environment. Growth is also accompanied by the emergence of a vibrant Cambodian private sector in a number of key sectors including, but not limited to, rice milling and tourism.

Subsequent to its accession to the WTO, Cambodia engaged on a significant reform program to align itself with its WTO obligations and to increase the attractiveness of its business environment. The Trade Policy Review held in Geneva in November 2011 showed that a great majority of the needed legal reforms that had been identified immediately after accession and were crystallized in the Government's comprehensive 2004 Work Program on WTO Obligations had been completed. Remaining, outstanding reforms were inscribed in a follow-up Work Program on WTO and Related Obligations 2012-2015 (hereafter 2012 Work Program for short) with a 2015 target for completion. The 2012 Work Program identifies some 84 actions. Few have been completed as of 2015, however.

In parallel to its 2012 Work Program, Cambodia is also addressing its commitment vis-à-vis ASEAN in view of AEC. To further capitalize on these efforts, Cambodia is moving forward to provide greater transparency by establishing web sites to make all laws and regulations pertaining to trade readily available (a.k.a. the National Trade Repository).

Notwithstanding very significant progress and reforms implemented by the RGC over the years, there remain significant challenges ahead. Those were identified in the Trade SWAp Roadmap 2014-2018 prepared with Cambodian stakeholders and adopted by the Government and launched by Prime Minister Samdech Hun Sen on February 18, 2014.

## CTIS and Trade SWAp Roadmap 2014-2018

The Cambodia Trade Integration Strategy (CTIS) 2014-2018 builds on the experience by Cambodia with the implementation of the CTIS 2007-2013 and the Trade Sector Wide Approach (SWAp) established in 2008 as the primary mechanism for the coordination and management of Aid for Trade, and more broadly, for the monitoring of progress in the attainment of Cambodia's trade objectives.

The CTIS 2014-2018 aimed at taking stock of progress made in the development of Cambodia's trade sector since 2007 and updating the priorities and approaches necessary to respond to changing circumstances and challenges facing Cambodia's trade sector. The updated Trade SWAp Roadmap's overarching objective is to contribute to Cambodia's sustainable development. Five Goals were identified to which the strategic outcomes and indicative actions outlined in the Roadmap would contribute achieving.

The Trade SWAp Roadmap sets out 20 Outcomes involving cross-cutting as well as sector specific actions structured according to three broad pillars. Cross cutting issues include, for instance, trade facilitation

and trade logistics which take increasing prominence as factors of competitiveness in a highly dynamic region, moving towards closer integration with the establishment of the AEC in 2015 and significant progress in the elimination of traditional barriers to trade such as tariffs. Equally, issues related to the skill gaps in exporting sectors are identified as a key bottleneck to trade sector development and as a critical factor in ensuring that the benefits of export-led growth are more widely shared across society and lead to sustained improvements in living standards. The Trade SWAp Roadmap outlines as well actions towards ensuring the continued competitiveness of Cambodia's leading export sectors such as garments, footwear and tourism, and supporting the strengthening of emerging sectors such as food processing, light manufacturing and rubber. In all, the Roadmap identifies 10 sectors for focused action through 2018. Table 1 lists the development impacts/goals and strategic outcomes of the Trade SWAp Roadmap.

**Table 1 – Trade SWAp Roadmap 2014-2018 Development Impact/Goals and Strategic Outcomes**

Development Impact/Goals	
Impact/Goal 1	Improved competitiveness contributes to reduce poverty through better and new jobs.
Impact/Goal 2	Significant increase in the contribution of the trade sector to GDP and deepening diversification of Cambodia's export base.
Impact/Goal 3	Strengthened capacity of RGC to formulate and implement trade policies and strategies.
Impact/Goal 4	Responsiveness of RGC to private sector needs increases as a result of better dialogue.
Impact/Goal 5	Improved planning, implementation, and monitoring capacity of RGC through implementing Trade SWAp.

Strategic Outcomes	
Pillar One – Increasing the competitiveness of Cambodian exporters in world markets through a strengthened export business environment.	
Outcome 1	Trade Policy Reform and Trade Negotiations: Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws.
Outcome 2	Trade Facilitation: Cambodia increases its competitiveness through reduced import/export costs.
Outcome 3	Trade Logistics: Cambodia increases its competitiveness through improved trade logistics.
Outcome 4	Technical Standards and SPS Requirements: The capacity of Cambodian exporters to meet technical and SPS requirements standards set by importers and importing countries increases.
Outcome 5	Investment Environment for Exports: The environment for investment in the ten DTIS 2013 focus export sectors is strengthened.
Outcome 6	Intellectual Property Rights: A modern, trade-supportive intellectual property rights framework is established, implemented, and enforced.
Pillar Two – Expanding and diversifying Cambodia's export base through strengthening supply in current and new sectors, entering new markets and moving up value chains	
Outcome 7	Garments: Cambodia continues to grow and diversify its garment export sector through targeting new markets, increasing domestic inputs, and expanding in higher value products.
Outcome 8	Footwear: Cambodia continues to grow and diversify its footwear export sector through targeting new markets and developing new market segments.

Outcome 9	9A: SEZs: Cambodian SEZs increase their competitiveness and attract additional manufacturing investment.
	9B: Light Manufacturing Assembly: Cambodia emerges as a node in regional production networks.
Outcome 10	Processed Food: Cambodia continues to grow and diversify its processed food sector through new export markets, moving to higher value products, and expanding domestic inputs.
Outcome 11	Fisheries Products: A sustainable fisheries sector sees Cambodian exports increase as a result of improved quality, growing production volumes, and strengthened access to markets.
Outcome 12	Milled Rice: Cambodia achieves the target set out under the RGC 2010 Rice Policy for export of milled rice.
Outcome 13	Cassava: Cambodia consolidates its exports of Cassava through direct exports to such countries as China and Republic of Korea and lessens its dependency on exports of unprocessed tubers to Thailand and Vietnam.
Outcome 14	Rubber: Cambodia progresses towards becoming a key producer and exporter of rubber.
Outcome 15	Tourism: Cambodia progresses towards RGC's 2020 target set for Tourism: 8 million foreign visitors.
Outcome 16	High Value Silk Products: A small but growing number of Cambodian producers are able to design and export high-value silk products.
Pillar Three – Strengthening the capacity of the RGC and Cambodian stakeholders to manage the trade agenda and trade challenges (trade reform, trade policy, aid for trade, bridging skill gaps for trade, etc.)	
Outcome 17	Skill Gap for Exports: RGC and Cambodian exporters meet the skill gap through the formal education sector and increased public-private partnership to develop vocational /technical education.
Outcome 18	Mainstreaming Trade: Trade development objectives are fully mainstreamed in national development strategy and in product and service sector strategies.
Outcome 19	Monitoring and Mobilizing Aid for Trade: RGC's ability to M&E Results of Trade SWAp is strengthened, leading to stronger mobilization of AfT inside and outside SWAp.
Outcome 20	Enhancing Private Sector Participation in AfT: A better structured dialogue between private sector and Government contributes to efficient public-private partnerships for trade development based on AfT resources.

## Aid for Trade to Cambodia

Aid for Trade (Aft) to Cambodia increased significantly since the launch of the initiative in 2005 (see table 2 below) in parallel with an overall increase in Official Development Assistance (ODA) to the country (more than 1 billion annually since 2008). Commitments showed a general upward trend during the period though fluctuating year-on-year. In all, Aft almost doubled in a space of 10 years from \$195 million on average 2002-2005 to \$384 million in 2013, last for which data is available. Disbursements grew steadily during the period with the exception of the year 2009.

**Table 2 - Aid for Trade to Cambodia, annual commitments and disbursements**

(US million, 2013 constant)

	2002-05 avg.	2006	2007	2008	2009	2010	2011	2012	2013
<b>Commitments</b>	195	207	171	276	245	456	242	277	384
<b>Disbursements</b>		116	136	147	135	212	243	255	286

Source: OECD, DAC-Creditor Reporting System

Table 3 shows the evolution of Aft disbursements by sector. The largest increase since 2006 has been registered in transport and storage; energy generation and supply; banking and financial services; and agriculture, forestry and fisheries sectors in which assistance more than doubled. This aligns broadly with government priorities, which has been sustained over time, including in the current NSDP and Rectangular Strategy III. Assistance to trade policy and regulations also increased against the backdrop of implementation of the country's accession commitments to the WTO. Support to trade facilitation on the other hand, fell over the period but it is likely to increase considering the adoption of the Trade Facilitation Agreement at the WTO in 2013 and the priority provided by the RGC to trade facilitation and logistics in the context of regional integration efforts, including the AEC in 2015.

**Table 3 - Aid for Trade to Cambodia by sector, disbursements** (US million, current)

	2006-08 avg.	2013
Trade policy and regulations	4.19	
Trade facilitation	2.43	0.58
Transport and storage	40.61	117.05
Communications	3.29	2.56
Energy generation and supply	12.41	25.18
Business and other services	2.97	1.61
Banking and financial services	9.25	43.52
Agriculture, forestry and fisheries	37	76.36
Industry	8.35	12.71
Mineral resources and mining	0.61	0.19
Tourism	0.64	0.65
Trade-related adjustment	0	0
<b>TOTAL</b>		285.67

Source: OECD, DAC-Creditor Reporting System

The RGC adopted a Development Cooperation and Partnerships Strategy 2014-2018 to promote development effectiveness in the implementation of the NSDP and Rectangular Strategy III. The strategy which englobes AfT, lays out the principles of development cooperation in Cambodia and the institutional framework for promoting coordination and alignment in the allocation and monitoring of ODA.

The Trade SWAp constitutes the operational mechanism for trade sector development, and dialogue and coordination of AfT to Cambodia. It is institutionally linked to the broader ODA coordination through the Government – Donor Joint Technical Working Group on Private Sector Development. While the sustained increase in AfT cannot be solely attributed to the Trade SWAp there is general consensus among stakeholders that it has greatly contributed to articulating national trade priorities, enhancing quality of dialogue with development partners and to a lesser extent, with the private sector, as well as reducing duplication and increasing synergies among assistance from different donors.

The CTIS and Trade SWAp Roadmap 2014-2018 capture the short and medium term priorities of the sector through 2018 and constitute the anchor for the prioritization of programs for the Medium Term Plan. In terms of the AfT categories and sector coverage, the Trade Roadmap focuses on a narrower set of interventions than data on AfT that the OECD englobes, clearly oriented towards trade and excluding in particular infrastructure development.

## Medium Term Plan: Areas for Future Technical Assistance

The review of the Roadmap conducted in April-May 2015 in close consultation with Cambodian stakeholders allowed MoC to identify areas where significant progress was underway and appropriate technical assistance was in place as well as areas where work is needed and new or follow-up assistance is required. More concretely, at least some partial progress have been made in 50% of short term indicative actions planned for the period 2014-2016; 10% have been completed whereas no progress can be reported for 50%. Annex 1 provides the results of the stock-taking exercise and mapping of needs for future trade-related technical assistance.

Based on the Roadmap review, additional technical assistance needs were grouped under ten clusters. These clusters were subsequently prioritized by MoC and the Sub-Steering Committee on Trade and Trade-Related Investment in June 2015, for future Aid for Trade support. These clusters in the order prioritized by the Sub-steering Committee are:

1. Trade Policy, Sector Policy, Legal and Regulatory Reform;
2. Trade Facilitation and Transport Logistics;
3. SPS and Other Quality Systems for Trade;
4. Private Sector Structuring;
5. Development of Inclusive Value Chains;
6. Trade Mainstreaming and Management of Aid for Trade;
7. Skills for Exports;
8. Investment Environment, Integration in Regional Value Chains, Backward Linkages;
9. Rural Development for Exports including Extension Services, Cooperatives Development, Surveillance Services;
10. Access to Finance.

The following section describes briefly the issues under each cluster and on-going or past support.

### Trade Policy, Sector Policy, Legal and Regulatory Reform

The review of the Trade SWAp Roadmap suggests some, but limited progress on many of the key Outcomes and Actions pertaining to this cluster. There remains a need for further technical assistance for Cambodia to move forward on many of the targets identified in the Roadmap.

In general, most of the key legal and regulatory reforms identified in CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 remain outstanding. A number of them still requires external expertise to formulate or needs vetting with stakeholders before finalization for submission to the Council of Ministers. They may also require external expertise to help draft the Anukrets and Prakas that will be needed for implementation once the Laws have been adopted by the National Assembly. In addition, even when a legal reform is completed, Cambodia often lacks the Government structures required to implement and

enforce the laws that have been adopted so implementation and enforcement are often weak or haphazard. In short, progress against the 2012 Work Program remains limited.

In the area of Non-Tariff Measures, the Ministry of Finance has received support from TDSP to develop a basic data base as required under ATIGA – the so called National Trade Repository (NTR). While the initial TDSP funding will allow an official launch of the NTR before the end of 2015 with a data base including some 390 measures, analysis of the measures will need to be carried out going forward, including for purpose of identifying measures that might need to be simplified, reformed, or even eliminated as appropriate.

Cambodia lacks an explicit, comprehensive Trade Policy that factors in the impact and challenges of recent agreements on Cambodia's preferences, including on Rules of Origins. In addition to inputs from early work by MoC with support from UNCTAD, the Senior Minister, Minister of Commerce, has asked the World Bank to prepare several short analyses of the impact of various recent trade agreements on Cambodia.<sup>7</sup> A trade policy could serve as a master template to guide Government negotiators from different ministries in different negotiation fora.

With the exception of several value chains studies conducted in the past in a few sectors (namely rice, cassava, and pepper) with combined UNDP-IF-TDSP support, Cambodia lacks thorough value chain studies especially in a number of sectors where exports are growing. The newly created Trade Training and Research Institute (TTRI) has received resources from TDSP to develop three additional value chain studies covering palm sugar, mango, and bicycles. Going forward additional studies are likely to be required and some of them might serve as a basis to develop sector policy instruments. Cambodia has few such instruments. In 2010, the Government adopted the Policy Paper on the Promotion of Paddy Production and Rice Exports intended to cover the period 2010-2015. The Policy has played an important role in supporting the development of a vigorous milled rice export sector which simply did not exist five years ago. Still, the Policy is in need of a thorough review and stock-taking if only to determine which bottlenecks may remain in the value chain, what else to do to eliminate those, and how best to fine tune the key directions of the policy based on lessons learned by rice millers and exporters in foreign markets. In addition, the Prime Minister launched an Industrial Development Policy (IDP) in March 2015, with a strong focus on such areas as Agro-processing, manufacturing development in SEZs, and development of SMEs through backward linkages. The IDP remains a very broad document in scope that will need to be developed into a set of more focused priority targets and, possibly, several sector-specific policies.

## Trade Facilitation and Transport Logistics

Progress in the area of trade facilitation has come from a clear understanding by Government that improvements in trade facilitation are critical to the competitiveness of Cambodia's exporters and, more broadly, Cambodia's economy. Since the mid and late 2000s, Cambodia's Customs and Border Agencies have received significant TA support from Australia, the EU, the IMF, Japan,, the TDSP and the World Bank in areas as diverse as Customs Valuation, Risk Management, simplification of customs procedures and documents, installation of ASYCUDA, and other measures. Going forward, there is a need to establish an ASEAN-conform National Single Window (NSW) requiring an upgrading of ASYCUDA to ASYCUDA-World

7 MoC has asked for the following studies

- 1- Impact of Viet Nam participation in the Trans-Pacific Partnership (TPP)
- 2- Impact of the bilateral FTA between Viet Nam and EU
- 3- Eurasian Economic Union (EAEU) plans FTA expansion within ASEAN
- 4- Impact of Myanmar's accession to the EU's EBA scheme
- 5- Cambodia's options for negotiating FTAs with developed and developing economies
- 6- Impact of increased migration of Cambodian workers to Thailand (and other markets)

WB suggests funding the following

- 1- Impact on Cambodia of Viet Nam participation in the Trans-Pacific Partnership (TPP)
- 2- Impact of the bilateral FTA between Viet Nam and EU
- 3- Eurasian Economic Union (EAEU) plans FTA expansion within ASEAN
- 4- Impact of Myanmar's accession to the EU's EBA scheme

Discussions are underway to finalize the list.

(underway), computerization of key documents such as certificates of origin and sanitary and phytosanitary certificates (under way with TDSP funding), establishment and strengthening of an AEO system, Advance Rulings, Post Clearance Audits, etc. In addition, there will be a need for Cambodia to put in place required systems to implement the “self-certification” certificate of origin system to be required from EU starting in 2017. Cambodia has been designated as a pilot country for the first phase of the new system and will receive EU support accordingly.

Trade logistics is at a much earlier stage of focused attention by Government. However, under the mechanisms being set up by CDC to implement the Industrial Development Policy, a Working Group on Logistics has been established. The Ministry of Public Works and Transport (MPWT) has been designated to lead the formulation of a National Plan. Still, MPWT is aware that such plan will require coordination among a number of key agencies including GDCE, MoC, MAFF, the Autonomous Ports, and others and that leadership at the most senior level in government will be required. The CDC/IDP Working Group on Logistics is expected to flesh out issues to make progress in this area. At present donors involved in this area in the past (e.g. ADB, Ausaid, JICA, others) are mostly waiting to see progress at government level before identifying where they might provide new support. In all likelihood, it will take several development partners to make progress on that front and this is another area where funds mobilized through Trade SWAp should be able to help.<sup>8</sup> For now, JICA is planning to update its earlier 2010 survey of transit time and costs for major cargo transport on key transit routes. The JICA survey is planned for December 2015 and release of findings early in Q2-2016.

In the area of legal reform supportive of trade facilitation and logistics, there are two areas requiring attention. First, Government needs to follow up on the adoption of the WTO-Trade Facilitation Agreement (TFA) by the National Assembly and, in line with this, notify the WTO its Category A measures. The current target is to have the National Assembly adopt the WTO-TFA prior to the next WTO Ministerial Conference and to proceed with notification of Category A measures at the time of the Conference.<sup>9</sup> Thereafter, Government will need to focus on Categories B and C measures. Cambodia has received technical support from the WTO to start the categorization work. Meanwhile, there is a need to progress on the implementation of ATIGA related measures some of which will require assistance.

## SPS and Other Quality Systems for Trade

Cambodia received technical support in the past (mid 2000s) to develop a WTO-compliant Law on Standards. Unfortunately, much of that advice was ignored when the final Law was adopted. A fair amount of the necessary knowledge to make the Law compliant has likely been lost due to movement of personnel and some additional external expertise may be required at this stage. The current Senior Minister, Minister of Industry and Handicraft is pushing to get his ministry to revise the Law.

Camcontrol (Ministry of Commerce) has recently received technical support from FAO to draft a Food Law. The current draft is being reviewed by experts in Rome at the FAO Headquarters. But there remain significant opened issues around the Law, including which should be the implementing institution. There are some discussions at present looking at the possibility of creating a Food and Drug Administration by merging several line agencies into a super agency.

<sup>8</sup> On the important infrastructure investment side, though somewhat outside the focus of Trade SWAp, there is ongoing Japanese assistance investment in Sihanoukville Port, French assistance investment in Phnom Penh Airport, various road investments, and a current standstill in further refurbishing of the rail network as a new partner needs to be found following the end of Ausaid assistance and exhaustion of ADB funding.

<sup>9</sup> The WTO/TFA special and differential treatment provisions foresees three categories of measures for implementation by developing countries establishes three categories of measures depending on whether measures are implemented soon after entry into force of the agreement (Category A); after a transitional period (Category B) and after the provision of technical assistance (Category C).

Meanwhile, MAFF's Departments responsible for Plant and Animal Health are seeking to finalize legislations focusing on Plant Safety and SPS as well as Animal Health and SPS that have been at the drafting stage for quite some time.

Overall, there is a need for Government to find ways to bring coordination to those many related but uncoordinated efforts if Cambodia is to end with a working, WTO-compliant set of legislations, rather than the current piece-meal legal framework.

A working SPS infrastructure has to be seen in term of controls, oversights, and support at every stage of the agricultural and food value chains. Efforts are underway with support from several development partners. Specifically, USAID is working with MAFF to strengthen the extension officer system. With technical assistance support from ADB, MAFF is at an early stage of introducing GAP (Good Agricultural Practice) based on ASEAN-GAP (ASEAN-GAP is largely aligned on Global GAP) and is developing a network of provincial IPM (Integrated Pest Management) coordinators. The ADB loan is also focusing on development of surveillance systems and strengthening the curriculum in Royal University of Agriculture (RUA). A Mid-Term Review is expected shortly to measure progress, remaining areas requiring support, and possible needs for TA beyond the current loan. Through EIF-Tier 2 funding combined with EU-funding, IFC has helped 13 large rice millers acquire GMP-HACCP certification. According to TUV-Rhineland, the main private sector certifier for HACCP in Cambodia, another five to seven large millers should be able to achieve certification in the very near future. Other key agricultural export sectors are less well advanced however (e.g. cassava, corn, fisheries, others.) Likewise, implementation of key food safety and sanitary methods remain quite limited in the food processing and food retail sectors.

With support from ADB, MoH is at the early stage of a large scale program to train retail and restaurant establishments in basic food safety measures. The program will be accompanied by the introduction rating system of retail and restaurant establishments (grades A – excellent, B – good, C – okay, F – fail) common to those employed in many other countries.

Donors such as ADB, EU, JICA, and others have provided large amounts of resources to build up laboratory capacity in line agencies and ministries involved with SPS and TBT. Yet only two Government labs have achieved international certification for a very narrow set of parameters (ILCC under MoH and the NSLH in MAFF's General Directorate for Rubber.) From an export point of view, absence of international accreditation means that certificates issued by such labs have no value in export markets. Yet, RGC lacks a clear strategy to bring about widespread international accreditation of labs in Cambodia meaning that investment in those remain widely underutilized.

## Private Sector Structuring

The ability of the Cambodian private sector to articulate positions and dialogue with Government remains a work-in-progress. The creation of the Cambodian Rice Federation (CRF), under a strong push from the Ministry of Commerce, to allow the sector to speak with one voice instead of via several competing organizations has improved the sector's ability to use the G-PSF Working Group #9 to dialogue with Government. Likewise the creation of the Cambodian Tourism Federation (CTF) to federate a number of associations specific to the sector is opening opportunities for private sector investors and operators involved in tourism to develop and dialogue around shared positions in the context of the G-PSF as well. The rice sector has benefited from ongoing technical assistance support from AFD (via SNEC) and EU and EIF-Tier 2 (via IFC.) The CRF is also expected to receive a direct financial support from the Government via MoC to help it build its capacity. The CTF expects to receive grant support from AFD as part of the larger loan package negotiated between the Government and AFD to finance the creation of a training school for the tourism sector at Technical Vocational Education and Training (TVET) level. Still, most associations under the CTF umbrella need capacity building.

The Cambodian Chamber of Commerce is receiving some assistance from TDSP to help it in its function as the organizer of the G-PSF process.

Other sectors, including Cassava and Fisheries, are at much earlier stage of developing the kind of associations that can support the development of the sectors. Both cassava and fisheries benefit from some, but limited support from EIF-Tier 2 including to address the need of sector associations and more support will be needed once available technical assistance is phased out.

The skill gap is a major constraint identified by the Government as a key priority to address in the coming years. It is an area where the private sector has a role to play, typically in partnership, with Government through PPPs or other schemes. With support from an ADB technical assistance, the Ministry of Economy and Finance is drafting a series of amendments to the Law on Concession to provide broad legal coverage for PPPs.<sup>10</sup> The ADB support will also help MEF establish a PPP unit which will provide some technical assistance to the development of PPPs.

In the area of TVET (at high-school + 2 or more) there is only one formal PPP scheme at the very early stage (Academy of Culinary Arts – Cambodia – developed with funding support from Sida and EIF-Tier 2), one industry-wide private sector scheme for an entire industry (the training center for the garment sector being organized by GMAC with some funding support from AFD), and a few NGOs training disadvantaged youth for the tourism sector (Don Bosco, Paul Dubrule, etc.)<sup>11</sup> Sida, SDC, and ADB are working with line ministries at higher levels to encourage the development of TVET. But the need remains very large, including developing a legal framework that encourages direct partnership between Government and employers.

The capacity of the emerging Cambodian private sector to promote itself in export markets remains quite limited. The rice sector is at the early stage of developing a collective mark for its high-value fragrant rice with support from AFD and IFC. Most other sectors lack collective forms of branding. While MoC's Department of Intellectual Property has launched two Geographical Indications (GIs) -- for pepper and palm sugar -- with earlier support from EU's ECAP programs as well as from WIPO, the challenge for GIs remain the enforcement of the governance rules -- which are typically even more demanding for GIs than for collective marks.

Experience from other countries show that collective marks are important at an early stage of development of an export sector when individual producers may not have the knowledge and financial means to promote their individual branding and mark. As an alternative the collective mark can provide an umbrella brand that can be promoted for the good of an entire sector.

Another key dimension of success in export markets is the ability of producers to meet international standards demanded by importers. This is especially important as Cambodia seeks to diversify its exports towards developed or middle income countries that have demanding standards. While there is some progress in this area, the needs remain vast across nearly all sectors. Of all current export sectors, the three or four sectors that are the most advanced are likely garments and footwear, SEZ-based manufacturing assembly, and milled rice. In the case of garments, footwear, and SEZ-based manufacturing assembly, the sectors are dominated by FDI producers that are used to manufacture based on standards determined by their foreign buyers. In the case of milled rice, large rice millers have made significant progress in part due to the support received through the EU and EIF-Tier 2 funded IFC project. Thirteen large rice millers have acquired GMP-HACCP certification. According to TUV-Rhineland, the main private sector certifier for HACCP in Cambodia, another five to seven large millers should be able to achieve certification in the near future.

Other sectors are far less advanced and will require new technical assistance. Limited support received by cassava processors or smaller fish producers through various TA support including EIF-Tier 2 and TDSP is likely to be too small to make a measurable difference.

<sup>10</sup> The existing text provides some, but more limited coverage of PPPs for infrastructure projects.

<sup>11</sup> In the absence of a law covering broadly PPPs until amendments to the Law on Concessions have been adopted, ACAC was established on the basis of a legal text issued by the Council of Ministers on instructions of the Prime Minister.

## Development of Inclusive Value Chains

CTIS 2014-2018 includes a focus on ten export sectors identified as priority sectors by the Government:

1. Garments;
2. Footwear;
3. Light Manufacturing assembly based in SEZs;
4. Processed Food;
5. Fisheries Products;
6. Milled Rice;
7. Cassava;
8. Rubber;
9. Tourism; and
10. High-Value Silk Products.

In looking at the ten sectors, CTIS 2014-2018 focused, among other key issues, on (1) opportunities for producers within each to move up value chains, (2) opportunities to increase volume of exports, (3) opportunities to diversify target markets, (4) opportunities to increase backward linkages through linkages to domestic producers (mostly SME), and (5) socio-economic and environmental impacts.

It is important to note that, while the CTIS 2014-2018 was prepared before the work conducted by SNEC on the Industrial Development Policy (IDP) (March 2015), the sector focus of the IDP and CTIS 2014-2018 overlap broadly. Specifically, IDP identifies Agro-Processing, Manufacturing, and the development of SMEs including through backward linkages as key development priorities. All of those sectors were already taken into consideration in CTIS, though CTIS looks at those sectors primarily from an export development perspective where the IDP looks at them in term of both domestic and international development.

The focus on only ten priority sectors was a deliberate decision on the part of the Senior Minister, Minister of Commerce, prior to the work on the CTIS in order to avoid scattering the attention of Government officials and development partners on too many sectors resulting in less impact.

Surely, going forward, as a growing number of the current priority sectors become able to progress on their own, it will become useful for Government and Development Partners to begin shifting attention to new emerging export sectors. In the short and medium term, significant work remains among the ten sectors identified by the Government for focus under the CTIS 2014-2018.

To consolidate development in the ten sectors, the approach followed under the Trade SWAp, has been to target technical assistance on key cross-cutting issues and capacity needs that can benefit all export sectors as well as on sector-specific issues, including supply capacity issues. With the exception of the Garment and Footwear sectors deemed to have sufficient resources to develop their supply capacity on their own, the approach followed under the Trade SWAp has been to ensure that, over time, each sector receives the necessary assistance it may require to grow, develop, be competitive and succeed in international markets.

The SEZ-based light manufacturing assembly sector is a relatively new sector, most successful at the moment in bicycles produced principally for the EU market. Many of the newer investors are trying to use Cambodian SEZ to locate facilities that are part of regional or international production networks seeking to take advantage from low-labor cost, a politically stable environment, linkages to regional transportation facilities, market access preferences, or other advantages. Garments, footwear, and light manufacturing assembly are all sectors that can have a greater spill-over effect on Cambodia's economy provided the

supply capacity of local SMEs is developed so that they can become parts suppliers and that conflicting regulatory issues concerning the movement of goods in and out of SEZ are ironed out. As mentioned previously, some of those issues are also under the attention of the Industrial Development Policy. Some focused technical assistance will be required to progress in areas having direct impact on investment in SEZs and the possible multiplier effect of such investment.

Processed food is a sector vastly underdeveloped in Cambodia even though opportunities abound for a country fast becoming a large, surplus producer of agricultural commodities and located in a region where demand from neighbors is rapidly increasing. Strong development of the sector supply capacity should lead to new exports. In addition, at present, Cambodia is a large importer of processed food and development of the sector should help reduce this import deficit. Thus far, this sector has received extremely limited targeted technical assistance.

The Fishery sector has received significant support from Danida and EU in the past and is about to receive a new large assistance from the EU under the donor's new Country Program. While the main focus of those assistance has been on fresh water fish and community fisheries, the sector has also received recent assistance from JICA (development of a marine aquaculture center) and from EIF-Tier 2 (focusing on marine fisheries products). In the near term, the sector may not need much additional assistance until it has begun absorbing the new assistance.

The Rice sector has received a fair amount of assistance from multiple donors over the years, both at farm level (e.g. AFD, Ausaid, JICA,) and, more recently, at export-oriented processing level (e.g. AFD, EIT-Tier 2, EU, GIZ, IF, UNDP, others). Cambodia is now equipped with a modern processing capacity that meets international markets requirements. Going forward, needs will change including a continuing focus on the marketing capacity of large millers and exporters as well as addressing remaining key bottlenecks in the value chain – especially, lack of modern storage facilities, insufficient production at farm level of high-value fragrant rice for which export opportunities are the most attractive, and access to working capital to finance purchase of paddy stock by large millers. Any future support in this sector should be based on a forthcoming review of the 2010 Rice Policy as well as Final Evaluation of the AFD-EIF Tier 2-EU technical assistance to rice millers coming to an end in the very near future.

Cassava production has grown extremely rapidly in recent years. Still most of the production is exported in an unprocessed form (fresh tubers) or with a minimum amount of semi-processing (chips). The sector is beginning to receive attention – specifically through two UNDP-implemented projects financed respectively by the Government of the People's Republic of China and the EIF-Tier 2 as well as through a SNV project. Going forward the sector will require more technical assistance as its needs are broad.

The Rubber export sector is developing very rapidly under the expansion of large plantations established through Land Concessions as well as the expansion of a large small holder program developed during the years 2000s with significant assistance from AFD. At present the sector is also benefiting from some Japanese assistance. The sector does suffer from a shortage of skilled personnel to work in plantations. Going forward, some of the key issues may involve the sector's ability to diversify market destinations (Vietnam continues to import 40 percent or more of Cambodian production) and in the process upgrade quality to meet standards of other importing markets. Future development in the sector may be driven as much by overall Government policy decisions as through more technical assistance.

The Tourism sector has grown rapidly since the late 1990s. Still, growth has slowed somewhat over the past couple of years in term of revenues and international visitors. This reflects partly the shift in arrivals, with Chinese and Vietnamese visitors becoming dominant but also happen to be lower spenders. In addition, the current economic slowdown in China is being felt by Cambodia's tourism sector. The sector has received limited technical assistance in the past. To a large extent, the sector has been somewhat of a "free for all" for private investors (both domestic and foreign) with limited guidance and regulation from Government. However, it appears that a growing segment of the private sector is becoming more vocal about the need to bring some stronger order to the development of the sector. Building up the capacity

of private sector associations, as suggested in the concept note under Cluster #4 above, may well be the area likely to be most effective in bringing positive change to the sector. In addition, the sector suffers from a serious shortage of skilled manpower. This is an issue that several development partners have begun to address, including Sida, AFD, EIF-Tier 2 and SDC. ADB, through a project with the Ministry of Health (MoH), has begun addressing the issue of sanitary standards in food retail and restaurant establishments.

High-value silk is a small sector but a sector that can play an important role in helping define the image of Cambodia. For many years, it received assistance from AFD. NZAid followed up for a few years. More recently the sector has benefited from a support from EIF-Tier 2. Despite past assistance and recent progress in foreign markets, much remains to be done to build up the sector. Going forward, it will be useful for possible future assistance to be guided by the Final Independent Evaluation of the current EIF-Tier 2 project as well as the Silk Sector Strategy to be formulated by the newly created Silk Sector Task Force.

## Trade Mainstreaming and Management of Aid for Trade

In recent years, RGC has developed significant institutional capacity in project and program management in the Department of International Cooperation (DICO) in MoC. In addition, through the resources made available through EIF-Tier I, EIF-Tier II, and TSDP (EU, Danida, and UNIDO) funding, MoC has been able to work hand-in-hand with line Ministries and NGOs (as Implementing Agencies or IAs) to develop project implementation capacity supportive of the objectives of the Trade SWAp. The ability and success of MoC/DICO in reaching out to other line ministries to implement technical assistance resources has gone a long way in mainstreaming Trade SWAp objectives in Cambodia's national development strategy as reflected in its NSDP, the Government Rectangular Strategy III, and to a lesser extent in the strategic plans of line ministries (see discussion in section 6 of this report.)

Going forward, more can be done to promote further trade mainstreaming by building on existing, solid foundations. First, Cambodia still lacks a set of clear set of indicators linking trade sector development and poverty reduction that is monitored regularly. The lack of strong databases to track indicators – those aforementioned and other trade sector development indicators – is a handicap and need to be addressed by MoC through actions identified in the Roadmap to strengthen access to data. In addition, coordination between MoP and line Ministries to include consistent trade-related indicators in NSDP remains weak. Going forward, there is also a need to ensure good, supportive coordination between the Objectives of the IDP and the Outcomes of Trade SWAp Roadmap.

As part of support received from EIF-Tier 1, EIF-Tier 2, and TSDP, DICO has developed capacity to monitor the implementation of individual projects and report to the Implementation Committee and the Sub-Steering Committee. However, at this stage, the main focus of its monitoring and reporting tends to be on delivery and implementation of activities. DICO needs to move beyond monitoring and reporting at "project level" to monitoring and reporting at "program" level with a focus on analyzing results and impacts of various technical assistance programs at the Trade SWAp outcome and output level. As part of this shift, it will be useful also to develop capacity to report not only on the funding immediately under DICO's control but also to incorporate (in consultation with donors) reporting on bilateral TAs that are aligned with the Trade SWAp Roadmap (see discussion in section 6 of this report). In parallel to these efforts, DICO needs to deepen its capacity to communicate the work and results of Trade SWAp beyond Government officials to the larger audience of Cambodian trade stakeholders including in provinces.

A third dimension for deepening further the mainstreaming of Trade SWAp is to enhance the participation of the private sector in actions supportive of the implementation of the RGC's trade sector strategy as reflected in the Roadmap. Producer associations need to be involved more consistently in activities of projects. In addition, a clear legal framework for Public-Private Partnerships (PPPs) can become an important way to combine private sector resources, government resources or even donor resources in joint projects aimed at strengthening export development. As mentioned earlier, ADB is launching a support

program with MEF to help amend the Law on Concessions so as to include relevant legal provisions to cover a broad range of possible PPPs. Technical assistance will also support the creation of a PPP unit intended to provide technical support for the formation of specific PPP projects.

## Skills for Exports

The call for Cambodia to address the lack of semi-skilled and skilled personnel is nearly a daily occurrence, as, for instance, in the latest report issued by ADB and ILO.<sup>12</sup> These are serious bottlenecks to Cambodia's ability to move up value chains. Resolving this bottleneck is a top priority of the Government and is reflected in the Rectangular Strategy-III (the Government's current program of action) and the National Employment Strategy launched by the Government in October 2015.

The absence of a robust TVET structure is at the core of the issue of insufficient semi-skilled technical personnel. Inadequate or low quality university-level education is a serious limitation at a higher level of training. Cambodia suffers from both a shortage of technicians in a wide range of sectors as well as a lack of well-trained engineers (mechanical, structural, agricultural, chemical, biologist, etc.) and other high level professionals.

As indicated earlier, in the area of TVET, there is one formal PPP scheme with the establishment of the Academy of Culinary Arts – Cambodia; one industry-wide private sector scheme for the garment sector being developed by GMAC and other efforts in tourism. But the need remains very large, including for a framework that encourages direct partnership between Government and employers in the area of education

In general, the shortage of semi-skilled and skilled personnel is an issue raised by nearly all priority sectors included in the Trade SWAp Roadmap. One serious challenge is the lack of experience in educational partnerships between Government and the Private Sector. For TVET and higher-education to develop successfully industry-focused curriculum, there is a need for partnership and consultative structures and mechanisms between education authorities and employers to make it happen. Those are missing in Cambodia. The CTIS 2014-2018's chapter on Skills for Export addresses this point.

The ability of moving up value chains is linked significantly to skills but also to productivity. The CTIS 2014-2018's chapter on Skills for Export also points to issues that need to be addressed to improve the collective bargaining environment and strengthen dispute resolution mechanisms in order to reduce the number of industrial strikes that affect negatively both productivity and the risk for employers to invest in skill enhancement.

## Investment Environment, Integration in Regional Value Chains, and Backward Linkages

To deepen the impact of new investment in productive sectors on job and income creation, Cambodia needs to encourage investment projects in productive facilities that are part of regional or global value chains as well as increase their multiplier effect on Cambodia's economy through backward linkages to domestic parts and service suppliers. CTIS 2014-2018 stresses the need for such development in particular in sectors such as garments, footwear, tourism, or light manufacturing assembly growing in SEZs. The backward linkages priority is also emphasized in the IDP which stresses that such development can become a central driver to the development of clusters of SMEs in Cambodia.

As noted elsewhere, a supportive legal framework encouraging development/deepening of backward

12 <https://www.cambodiadaily.com/news/cambodia-must-bridge-skills-gap-report-100518/>

linkages in garment, bicycles, footwear, hospitality (horticulture) is needed as are regulations (Prakas and Anukret) that encourage transactions among different actors and producers within the value chains – including ensuring duty-free and VAT-free status to goods that are inputs to other goods or services that are ultimately exported. The quality and number of SEZs need to be expanded – including improvements in the infrastructure of services offered by individual SEZs to tenants. Trade facilitation, transport logistics and energy delivery (including cost of energy) are three pillars of making SEZs competitive. In addition, Cambodia needs an investment promotion strategy that encourages a diversification of investment in regional and global value chains beyond garment, footwear, and bicycles as well as investment promotion capacity to attract investment in emerging provincial centers. Cambodia needs to strengthen its business environment as well as investment promotion capacity in this area.

## Rural Development for Exports Including Extension Services, Cooperation Development, Surveillance Services

For exports of agricultural products to contribute to inclusive growth and poverty reduction among rural populations, quality must start at the producer and farmer levels and be sustained throughout the entire value chain. The challenge for Cambodia is to create a culture of quality and sanitary standards throughout entire value chains, develop necessary capacity through training of farmers, post-harvest handlers and processors, and put in place the institutional systems and mechanisms to support quality and standards. Training farmers groups and cooperatives, developing contract farming arrangements, strengthening quality of seeds, seedling, and other plantings are among the many possible developments that can contribute towards these objectives.

A working quality infrastructure has to be seen in term of controls, oversights, and support at every stage of the agricultural and food value chains. Efforts are underway with support from several development partners. Specifically, USAID is working with MAFF to strengthen the extension officer system. With TA support from ADB, MAFF is at an early stage of introducing GAP (Good Agricultural Practice) based on ASEAN-GAP (ASEAN-GAP is largely aligned on Global GAP) and is developing a network of provincial IPM (Integrated Pest Management) coordinators. The ADB loan is also focusing on development of surveillance systems and strengthening the curriculum in RUA. A Mid-Term Review is expected shortly to measure progress, remaining areas requiring support, and possible needs for TA beyond the current loan.

Through EIF-Tier 2 funding combined with EU-funding, IFC has helped 13 large rice millers acquire GMP-HACCP certification. Through EIF-Tier 2 funding as well, UNDP and UNIDO are providing support to the cassava and fisheries sector respectively. SNV is working with cassava producers as well. ADB through technical assistance provided to Ministry of Health is seeking to introduce food processing principles based on GMP/HACCP among food retailers and restaurants. A lot more needs to be done across a wide range of export sectors.

AFD, Ausaid, JICA and others are also working on seeds production, irrigation, and other investments that can help boost yield and productivity at farmer level.

The type of capacity building required to build high quality export-oriented value chains as described above can be a challenge as it calls for Government to develop or strengthen decentralized support systems in provinces, districts, and villages and redistribute public investment and development assistance resources away from where they may have been mostly concentrated until now – in the big urban and production centers. It also assumes building capacity beyond government structures and officials among producers. The scope of work and needs remains very large.

## Access to Finance

Micro-, small- and medium-sized enterprises (MSMEs) play a critical role in the economic and social fabric of Cambodia. According to the Economic Census 2011, there are 505,093 establishments in the country out of which 504,307 or 99.8 per cent are MSMEs as defined by the SME Development Framework of Cambodia.<sup>13</sup> They also represent 72 per cent of employment.<sup>14 15</sup>

The need to develop the SME sector has long been recognized as critical by the RGC. More recently, the Industrial Development Policy emphasizes the importance of strengthening and promoting SMEs with a view to transform the industrial landscape and diversify the export base while ensuring the benefits of export growth are more widely shared across society. Indeed, FDI and exports significantly increased over the last twenty years. But key export sectors such as garments and footwear and, to a large extent, tourism have developed limited linkages with the local economy beyond labor. The IDP underlines the need to both promote FDI and create a cluster of domestic enterprises by modernizing SMEs allowing them to integrate in global and regional value chains.

Access to finance is regularly identified by SMEs in enterprise surveys as a major obstacle for growth and expansion: 71 per cent of the 504 enterprises surveyed by IFC as part of a study on the sector in 2009 pointed to lack of capital or financing to invest as the top constrain in expanding their business. Access to finance is acknowledged as a binding constraint for the expansion of exports of milled rice as foreseen in the sector policy. "While the sector currently has the potential to produce 1.5 million tons of exportable rice, the mills are working at only 30 to 40 per cent average capacity a year due to low stockpiles."<sup>16</sup> Lack of working capital and limited storage capacity constrains millers' ability to collect enough crop for processing throughout the year.

Access to finance is undermined by weaknesses in governance by SMEs, the large majority of which are unregistered and lack appropriate accounting records of the company's transactions making it difficult for the financial institutions to assess their creditworthiness.

On the other hand, the financial sector in Cambodia though growing fast remains underdeveloped. It suffers in particular from a missing middle of financial services catered to the SMEs. While a vibrant micro-finance sector services micro enterprises and the commercial banks respond to the needs of the large firms (many of which are foreign investors), the local SMEs are squeezed in between. A number of financial instruments tailored to the needs of SMEs that can be found in other markets are absent in Cambodia such as leasing, factoring, inventory or accounts receivable financing, or loans backed by movable assets. The banking sector almost exclusively favor land collateral which a typical SME is unable to provide. Though a movable asset registry is available, it is barely used by the financial sector among others due to lack of confidence in the legal system and its ability to enforce contracts.<sup>17</sup>

Efforts have been made in the past to address the financial constraints of SMEs, particularly in the agribusiness sector. More concretely, the World Bank and IFC in cooperation with the RGC established a guarantee scheme to promote lending to the agribusiness sector following the adoption of the Rice policy in 2010 which called for such an instrument. However, the facility faced difficulties including lack of

13 The SME Development Framework 2005 defined MSMEs based on the number of employees and assets. Enterprises with less than 100 employees are within the framework of the policy.

14 Naomi Hatsukano and Kiyoyasu Tanaka (2014). *Challenges to make Cambodian SMEs participate in global Value Chains: Towards addressing poverty and inequality* in Inclusive Development in the Era of Economic Integration: Policy Implications for LDCs. BRC Research Report No. 14.

15 A large number of MSME work in the informal economy –i.e. are not formally registered. Therefore, the reliability of data on MSME is problematic.

16 Ananth Baliga. *Access to finance limits export potential for millers*. the Phnom Penh Post, on 20 May 2015 at <http://www.phnompenhpost.com/business/access-finance-limits-export-potential-millers>

17 The World Bank (2013). *Cambodia. Study on access to financial services for small and medium agribusiness enterprises in Cambodia*. Report No.82585-kh.

interest by the banking sector to engage in the program, inability of the scheme to adapt to the changing circumstances in the market and capacity limitations on the side of MSEs, among others.<sup>18</sup>

The IDP identifies a number of measures to support and promote SMEs, including through financing mechanisms tailored to the needs of these enterprises. This will be important in meeting the trade-related targets of the Trade SWAp related to the development of value chains in several export sectors. Future programs in this area may focus on both developing capacity of the SMEs, including through strengthening their governance mechanisms and addressing weaknesses and asymmetries of information in financial institutions for better servicing SMEs. Previous experiences such as the guarantee scheme made available by the World Bank and IFC in the past should inform future endeavors.

---

18 The World Bank (2014). Note on cancelled operation report. Agribusiness access to finance project. Report No: NCO00003051, 22 December 2014.

## 5

# Medium Term Plan Priority Clusters' Concept Notes

Concept Notes have been formulated for five prioritized clusters by the Senior Minister, MoC, and the Sub-Steering Committee on Trade Development and Trade-Related Investment with a view to articulating the components of programs to be developed under each cluster. These concept notes will be used by the Ministry to engage in a dialogue with development partners on future technical assistance and implementation modalities for a new cycle of funding of the Trade SWAp Roadmap over the period 2016-2020. The Concept Notes capture areas where additional technical assistance is required to complement support already in place, with the understanding that the new assistance should fill in gaps – not duplicate ongoing support.

Summaries of the concept notes are provided herewith while the detailed concept notes are enclosed in Annex 2 to this report. The estimated total funding requirements for five years is approximately \$30 million.

Table 4 - Summary - Five priority cluster concept notes

<b>Cluster 1:</b>		<b>Trade policy, sector policy and legal and regulatory reform</b>
<b>Cluster strategic objectives</b>		<b>Trade SWAp Roadmap Outcomes</b>
i)	Complete trade-related key legal and regulatory reforms	Outcome 1: Trade policy, legal reform and trade negotiations
ii)	Strengthening implementation of trade-related laws and regulations through strengthening of implementation and enforcement capacity of relevant line ministries and agencies	Outcome 6: Establishing a trade-supportive framework for intellectual property rights
iii)	Formulate a trade policy 2015-2025 to guide Cambodian negotiators	Outcome 1: Trade policy, legal reform and trade negotiations
iv)	Develop sector policies based on value chain analytical work	Outcome 18: Mainstreaming trade
<b>Start-up projects</b>		
1) Accelerate implementation of the work program on legal reform 2012-2015		
2) Analyze non-tariff measures included in the National Trade Repository		
3) Strengthen enforcement of geographical indications		
4) Formulate a trade policy		
<b>Estimated resource needs (2016-2020)</b>		USD 4-5 million
<b>Cluster 2:</b>		<b>Trade facilitation and Transport logistics</b>
<b>Cluster strategic objectives</b>		<b>Trade SWAp Roadmap Outcomes</b>
i)	Implement Cambodia National Single Window (NSW)	Outcome 2: Trade facilitation
ii)	Formulate and Implement National Trade Logistics Plan	Outcome 3: Trade logistics

iii)	Implement ATIGA and the WTO Trade Facilitation Agreement (“Bali Package”)	Outcome 2: Trade facilitation Outcome 1: Trade policy, legal reform and trade negotiations
<b>Start-up projects</b>		
1) Review Arrangements among Cambodian Border Agencies and with Vietnamese and Thai Counterparts Agencies to Create Shared Border Point Offices/Facilities at Key Crossings		
2) Assessment of Other Trade-Facilitation-related Documents not yet Computerized		
3) Support Initial Work on National Trade Logistics Plan		
4) Institutional Arrangements and Assistance Modalities for TFA Implementation in Cambodia		
<b>Estimated resource needs (2016-2020)</b>		USD 5 million
<b>Cluster 3:</b>	<b>SPS and other Quality Systems for Trade</b>	
<b>Cluster strategic objectives</b>		<b>Trade SWAp Roadmap Outcomes</b>
i)	Establish a coherent WTO- and ASEAN-compatible legal and regulatory framework for SPS and other quality systems	Outcome 4: Strengthened capacity of exporters to meet technical standards and SPS requirements.
ii)	Enhance systems and structures to develop adoption of SPS standards and practices throughout the entire food value chain from “farm-to-fork”, including strengthening SPS practices at farm, producer, and retailer levels	Outcome 4: Strengthened capacity of exporters to meet technical standards and SPS requirements.
iii)	Achieve international accreditation of Cambodian laboratories for relevant parameters	Outcome 4: Strengthened capacity of exporters to meet technical standards and SPS requirements. Outcome 17: Bridging the skill gap for exports.
<b>Start-up projects</b>		
1) Amend and adopt a WTO-compliant Law on Standards		
2) Complete drafting of Food law and assemble group of experts to eliminate contradictions and lack of coherence in current SPS framework.		
3) Adopt 250 or ASEAN harmonized standards not yet adopted by Cambodia		
<b>Estimated resource needs (2016-2020)</b>		USD 5-7 million
<b>Cluster 4:</b>	<b>Private Sector structuring</b>	
<b>Cluster strategic objectives</b>		<b>Trade SWAp Roadmap Outcomes</b>
i)	Private sector Associations are able to articulate positions and dialogue with Government through the G-PSF or other venues	Outcome 10: Processed food. Outcome 12: Milled rice. Outcome 13: Cassava. Outcome 14: Rubber. Outcome 16: High value silk.
ii)	The private sector and Government develop PPP arrangements to narrow the labor skill gap, invest in common facilities, or support other investment in “public goods”	Outcome 7: Garments. Outcome 9A: SEZ. Outcome 15: Tourism.

iii) The private sector increases capacity in marketing, promotion and branding for exports	Outcome 7: Garments. Outcome 8: Footwear. Outcome 10: Processed food. Outcome 12: Milled rice.
iv) The private sector is able to meet international SPS and other quality standards	Outcome 4: Strengthened capacity of exporters to meet technical standards and SPS requirements. Outcome 7: Garments. Outcome 14: Rubber. Outcome 17: Skill gap
<b>Start-up projects</b>	
1) Develop culture of professions in Tourism	
2) Develop/strengthen collective branding in High-value fragrant rice, garments, and high-value silk.	
<b>Estimated resource needs (2016-2020)</b>	USD 5-6 million
<b>Cluster 5:</b>	<b>Development of inclusive export value chains</b>
<b>Cluster strategic objectives</b>	<b>Trade SWAp Roadmap Outcomes</b>
i) Develop export capacity in priority sectors identified by the Government, beginning with the priority sectors identified in <i>CTIS 2014-2018</i> and the 2015 <i>Industrial Development Policy</i>	Outcome 9B: Light manufacturing assembly. Outcome 10: Processed food. Outcome 12: Milled rice. Outcome 13: Cassava. Outcome 16: iHigh value silk products
ii) Develop a business and investment environment supportive of the development of Inclusive Value Chains including through deepening backward linkages	Outcome 5: Investment environment for exports. Outcome 9A: SEZ.
<b>Start-up projects</b>	
1) Prepare Draft Project Document(s) for Submission to EIF or Other Interested Development Partners.	
2) Support Implementation of Laws on Investment and SEZ once adopted.	
3) Develop Relevant Investment Promotion Tools to Attract New Investment in Key Priority Export Value Chains	
<b>Estimated resource needs (2016-2020)</b>	USD 5-7 million

# 6

## Strengthening Trade Mainstreaming



Trade mainstreaming can be broadly defined as a process involving the integration of trade-related priorities in national development plans and sectoral strategies (mainstreaming at the policy level), supported by institutional frameworks of consultation and coordination among stakeholders in government, private sector and civil society (institutional level), as well as enhanced dialogue and coordination between government and development partners around the allocation, implementation and monitoring of AfT (international cooperation level).<sup>19</sup>

The CTIS 2014-2018 analyzed the status of trade mainstreaming in Cambodia since the launch of the Trade SWAp noting important achievements and making recommendations for future action captured in the Roadmap. Recommendations are captured under three outcomes of the Trade Roadmap: outcome 18 on trade mainstreaming per se; outcome 19 on monitoring and mobilizing AfT; and, outcome 20 on enhancing the private sector participation in AfT.

<sup>19</sup> For more details see UNDP/EIF (2011). Practical Guide to Trade Mainstreaming, UNDP, Geneva and New York.

# 6.1

## Status of Trade Mainstreaming in Cambodia



A review of the Roadmap implementation carried out in May 2015 indicates that progress has been made across the three outcomes. Details are provided in Annex 1 to this report. These include for instance, the undertaking of an assessment of the Trade SWAp governance mechanism in 2014 and the identification of 16 recommendations agreed with development partners for implementation; the establishment of an M&E unit in DICO and the production of project reviews; adoption of the NSDP, formulation of the Rectangular Strategy-III (the Government's program), launch of the IDP by the Prime Minister in March 2015; start of new work on value chain studies by TTRI; etc.

The recommendations regarding improvements in the Trade SWAp governance mechanisms span to dialogue with development partners (international cooperation) and involvement of the private sector (institutional level) in the trade SWAp which was highlighted as weak in the CTIS analysis of trade mainstreaming. Efforts by MoC should focus on the implementation of these recommendations with support from development partners.

To assess the status of mainstreaming trade at the policy level and identify areas where gaps may be more important, a comparison was made between the targets in the Trade SWAp, and the objectives of the NSDP and Rectangular Strategy III and targets of relevant line ministries and/or existing sector policies. The integration of trade-related targets in line ministries planning tools and sector policies is critical in ensuring broader ownership of the Trade SWAp across government and for facilitating resource alignment to such priorities.

Annex 3 to this report presents the details of the comparison structured by development impact/goal and strategic outcome of the Roadmap. The analysis reveals the following:

- i) Key government strategies, in particular the NSDP 2014-2018 and the Rectangular Strategy III do capture to a large extent the outcomes of the Roadmap;
- ii) The Trade SWAp goes a step further than national policy frameworks in the definition of specific targets and indicators for measuring progress. The NSDP and the Rectangular Strategy III outline broad objective only; and
- iii) At the ministry and sector level there is limited identification of specific objectives and quantifiable targets for guiding government and private sector action in the development of particular sectors and undertaking needed reforms.

## 6.2

## Recommendations for Improving Monitoring of the Trade SWAp Roadmap

As part of a comprehensive and long term program of Public Finance Management Reform implemented in Cambodia since 2004, line ministries have been asked to adjust their inputs to the MEF for the formulation of the national budget according to guidelines which seek to establish program budgeting –i.e. promoting a bottom up approach to budget formulation which starts with the identification of objectives and targets by Ministries which are then monetized to define funding needs to be reflected in the national budget and public investment plan. This process also seeks to ensure the national budget aligns with national development priorities as reflected in the NSDP 2014-2018 and Rectangular Strategy III by articulating the linkages between budget objectives of line ministries and national policy frameworks.

The roll out of the program budgeting across line ministries has been carried out sequentially. For instance, while MAFF has implemented the program budgeting over several years now, others such as MoC and MoIH, initiated the process of formulating three-year work plans with defined objectives and targets only this year.

An assessment of trends in ODA in Cambodia noted relative high marks in relation to most of the Busan Partnership for Effective Development Cooperation monitoring indicators except in the use of country public financial management and procurement systems which were assessed at 32%, and noted the need to enhance support by the MEF to line ministries to accelerate progress at sector level.<sup>20</sup> This suggests that action by line ministries in strengthening their own planning, budgeting and monitoring system will enhance their ability to mobilize resources from the national budget and public investment plan but also contribute to better alignment of ODA to national systems in terms of project and program management.

As mentioned in section 3 above, Cambodia has seen important increases of ODA over the last ten years, including Aid for Trade. A trend seen over the last three years is the increase in concessional lending both for ODA as a whole and Aid for Trade in particular. More concretely, other official flows to the trade sector reached \$99.1 in 2013 more than threefold the average during the 2010-2012 period.<sup>21</sup> This trend in ODA and Aid for Trade in particular is likely to continue and accelerate in the coming years in the expectation of graduation to middle income country status and the transition of development finance sources from grants to loans.

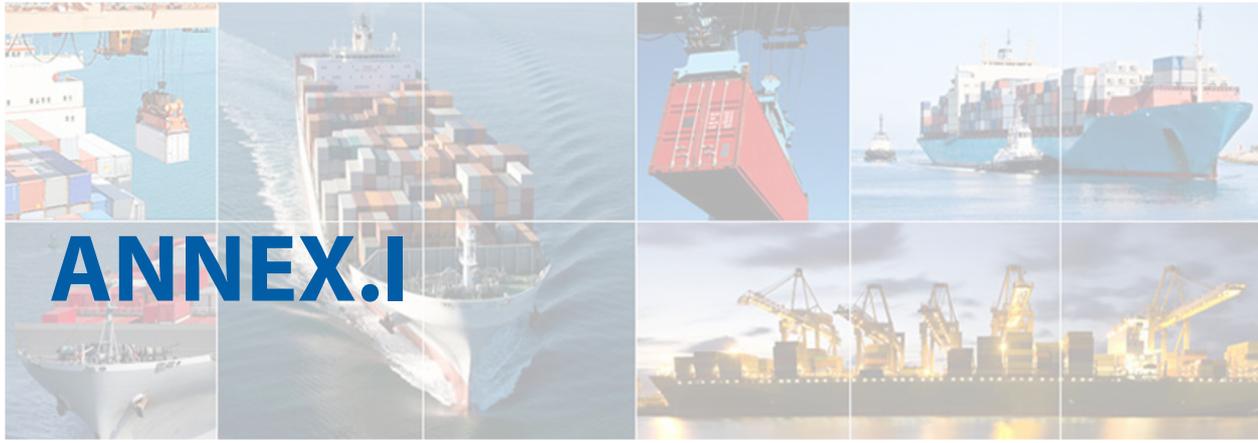
In this context, ensuring the maximum impact and effective results from Aid for Trade will be critical, as will be strengthening planning and monitoring tools and better integrating in the planning and budgeting processes national and ODA financing. This will allow government and other stakeholders to assess results against national policy objectives and targets rather than projects.

MoC through DICO and the implementation of the Trade SWAp since 2008 has gained significant experience in the coordination and monitoring of Aid for Trade to Cambodia. Through the TDSP and EIF-funded projects, capacity for monitoring and evaluation of trade-related projects is being built. Nevertheless, important gaps remain and should be the focus of additional efforts in the context of the Medium Term Plan implementation.

<sup>20</sup> Royal Government of Cambodia (2014). Development cooperation trends in Cambodia. Using evidence to promote partnerships and development effectiveness, Cambodia Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC), July 2014, pp 9-10.

<sup>21</sup> OECD/WTO (2015). Aid for Trade at a Glance 2015. Reducing Trade Costs for inclusive, sustainable growth, OECD Publishing, Paris.

- i) DICO as Secretariat of the Trade SWAp has only a partial overview of all trade-related support provided to Cambodia and therefore has limited capacity in monitoring achievement of the Trade SWAp at the outcome and development impact/goal level. For instance, DICO has direct role in the implementation, monitoring and reporting of TDSP and EIF-funded projects. It is able to follow closely developments in rice through the IFC-EIF funded project or cassava through the UNDP-EIF funded project. But it faces challenges in monitoring what line ministries, or the private sector may be doing in these sectors and their impact for purposes of the Trade SWAp outcomes and development impact/goals. To address this limitation, enhanced coordination mechanisms, tools and incentives should be devised for encouraging all concerned actors –line ministries and development partners - to report relevant programs and initiatives through the Trade SWAp. For instance, DICO could organize, in the context of regular quarterly meetings of the SSC-TD&TRI, joint reviews of progress at the sector (e.g. rice, cassava, fish) or cross-cutting issue (e.g. SPS, legal reform) by key implementing agencies and development partners involved in the sector or cross-cutting issue. These reviews should have a strong focus on overall progress made against targets identified by Cambodian Stakeholders in support of the Trade SWAp Roadmap. DICO may also want to promote an active engagement of the EIF donor facilitator to encourage peers towards better alignment and reporting of bilateral Aid for Trade support, including regional components, through the institutional mechanisms of the Trade SWAp.
- ii) Another challenge going forward will be for MoC to formulate adequate tools within the context of the Trade SWAp, to integrate monitoring of all sources of funding – national budget and Aid for Trade. DICO may engage MEF for accelerating MoC alignment of program-based budgeting, including integrating Aid for Trade and national resources into a single planning and budgeting framework.



# ANNEX.I



## Trade SWAp Roadmap 2014-2018: Stock-Taking of Progress and Needs: May 2015



Revised as of September 2015

**Trade SWAp Road Map 2014-2018:  
Stock-Taking of Progress and Needs: May 2015**



**Development Impacts, Strategic Outcomes, and  
Short and Medium Term Indicative Actions with Key  
Performance Indicators**

Phnom Penh, September 2015

## Acronyms

AfT	Aid for Trade
AFSIS	ASEAN Food Security Information System
AFTEX	ASEAN Federation of Textile Industries
AIDSP	Agro-Industry Development Strategic Plan
ARASFF	ASEAN Rapid Alert System for Food and Feed
ASEAN	Association of South East Asian Nations
ATIGA	ASEAN Trade in Goods Agreement
BFC	Better Factories Cambodia
CAMFEBA	Cambodian Federation of Employers and Business Associations
CARDI	Cambodia Agriculture Research & Development Institute
CBA	Collective Bargaining Agreement
CCIC	China Certificate and Inspection Group, Cambodia
CDC	Council for the Development of Cambodia
CEDEP	Cambodia Export Development and Expansion Program
CIS	Confederation of Independent States
CLV	Cambodia Laos Vietnam
CO	Certificate of Origin
CoM	Council of Ministers
CSF	Classical swine fever
CTIS	Cambodia Trade Integration Strategy
DAC	Development Assistance Committee
DAHP	Department of Animal Health and Protection
DFQF	Duty-Free Quota-Free
DICO	Department of International Cooperation
DP	Development Partner
DTIS	Diagnostic Trade Integration Study
EBA	Everything-but-Arms
EDC	Electricité du Cambodge
FDI	Foreign Direct Investment
FiA	Fisheries Administration
FMD	Foot and mouth disease
FOCC	Footwear & Garment Order Center of Cambodia
FSCC	Food Safety System Certification
GCC	Gulf Countries Council
GDA	General Directorate of Agriculture
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GHP	Good Health Practice
GMAC	Garment Manufacturers Association of Cambodia
GMP	Good Manufacturing Practice
G-PSF	Government-Private Sector Forum
GSP	General System of Preference

INFOSAN	International Food Safety Authorities Network
HACCP	Hazard Analysis and Critical Control Points
IP	Intellectual Property
IPPC	International Plant Protection Convention
IPM	Integrated Pest Management
IPR	Intellectual Property Right
ISC	Institute of Standards Cambodia
ISO	International Standards Organization
LDC	Least Developed Country
MAFF	Ministry of Agriculture, Forestry and Fisheries
MARD	Ministry of Agricultural and Rural Development
MEF	Ministry of Economy and Finance
MICE	Meetings, Incentives, Conventions & Exhibitions
MoC	Ministry of Commerce
MoCFA	Ministry of Culture & Fine Arts
MoEYS	Ministry of Education, Youth and Sports
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
Mol	Ministry of the Interior
MolH	Ministry of Industry and Handicrafts
MoPWT	Ministry of Public Works and Transport
MoT	Ministry of Tourism
MoU	Memorandum of Understanding
MoWA	Ministry of Women Affairs
NCIPR	National Committee on Intellectual Property Rights
NEA	National Employment Agency
NGO	Non-Governmental Organization
NIS	National Institute of Statistics
NSW	National Single Window
NTM	Non-Tariff Measure
OECD	Organization for Economic Cooperation and Development
OIE	Office International de l'Épizootie
PPP	Public-Private Partnership
PRC	People's Republic of China
PRRS	Porcine reproductive and respiratory syndrome
PSD	Private Sector Development
RACA	Royal Academy of Culinary Arts
RCEP	Regional Comprehensive Economic Partnership
RDB	Rural Development Bank
RGC	Royal Government of Cambodia
RO	Rules of Origin
RoI	Return on Investment
RSA	Royal School of Administration
RRIC	Rubber Research Institute of Cambodia

RUA	Royal University of Agriculture
SEZ	Special Economic Zone
SNEC	Supreme National Economic Council
SPS	Sanitary and Phytosanitary
S-SC	Sub-Steering Committee
TA	Technical Assistance
TBT	Technical Barrier to Trade
Trade SWAp	Trade Sector-Wide Approach
TEU	Twenty-Foot Equivalent Unit
TRTA	Trade Related Technical Assistance
TTRI	Trade Training and Research Institute
TVET	Technical Vocational Education and Training
TWG	Technical Working Group
VAT	Value Added Tax
WG	Working Group
WTO	World Trade Organization

Development Impacts/Goals Outcomes, Indicative Actions	Key Performance Indicators		Responsible Parties
	Baseline	2016 or 2018 Target	
<b>Trade SWAp Development Impacts/Goals</b>			
<b>Trade SWAp Goal 1:</b> Improved competitiveness contributes to reduce poverty through better and new jobs	During 2005-13 Cambodia narrowed its distance to the best performing country for all indicators combined in <i>Doing Business</i> by 11.1%. Cambodia 2013 ranking was 133 out of 185 countries	Cambodia narrows its distance to the best performing country for all indicators combined by an additional 10% by 2018	n.a.
<b>Trade SWAp Goal 2:</b> Significant increase in the contribution of the trade sector to GDP and deepening diversification of Cambodia's export base	13% yearly average growth of exports of goods and services during 2007-11	11% yearly average growth of goods and services exports during 2014-2018	n.a.
	Garments and tourism represent 80% of total recorded goods and service exports in 2011	Garments and tourism represent 60% or less of total recorded goods and service exports in 2018	n.a.

<b>Trade SWAp Goal 3:</b> Strengthened capacity of RGC to formulate and implement trade policies and strategies	1 sector policy focusing on exports in 2013 (for Rice)	4 additional sector policies focusing on export by 2018	n.a.
<b>Trade SWAp Goal 4:</b> Responsiveness of RGC to Private Sector needs increases as a result of better dialogue	CDC approved \$35.5 billion worth of investment projects between 2007-2011	Investment projects approved by CDC doubles to \$70 billion (or more) between 2014-2018	n.a.
<b>Trade SWAp Goal 5:</b> Improved planning, implementation, and monitoring capacity of RGC through implementing Trade SWAp	14 of the 20 Outcomes in Trade SWAp 2014-2018 receive TA support as of 2013. Of the 14 outcomes with TA, only 10 have one TA or more monitored through Trade SWAp of which 3 have 2 or more TAs monitored (TRTA matrix)	At least 16 of the 20 Outcomes receive TA support and have at least one TA monitored through Trade SWAp. Of the 16 outcomes, at least 10 have 2 or more TAs monitored through Trade SWAp	n.a.

n.a. = not applicable

Trade SWAp Strategic Outcomes and Indicative Actions by Pillar				
<b>Pillar 1:</b> Increasing the Competitiveness of Cambodian Exporters in World Markets Through a Strengthened Export Business Environment				TA Support for Individual Actions
Outcome 1: Trade Policy Reform and Market Access Negotiations				
<b>Outcome 1: Trade Policy Reform and Trade Negotiations</b>  Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws	84 Actions identified in the RGC's <i>Work Program on WTO Obligations and Related Issues 2012-2015</i>	75% of the 84 Actions listed in RGC's <i>Work Program</i> have been fully completed by 2016	MoC, Line Ministries responsible for individual legal or institutional actions	n.a.
	Limited progress			
	RCEP Rules of Origins need to be negotiated	The RCEP rules of origin allow for cumulation across all its members by 2018	MEF, MoC, Line Ministries	n.a.
Work on RCEP is delayed. AEC to become effective end of 2015.				
Short-Term Actions: 2014-2016				

<b>Indicative Action 1:</b> Favorable Rules of Origin remain in place under EU's EBA and Canada's DFQF	ROs in EBA and Canada's DFQF are favorable but countries graduating from GSP programs can no longer be used for cumulation	Cambodia negotiates with EU and Canada to ensure that graduation of individual countries from GSP programs does not affect Cambodia's cumulation for ROs purpose	MEF, MoC (immediate Action to be taken)	TDSP but more TA needed to prepare a more comprehensive Trade Policy Framework
	RGC lacks Trade Policy to deal with VN-EU FTA, RCEP, TPP and other trade agreements and negotiations. Significant deterioration of market access conditions due to erosion of preferences. VN might be excluded from cumulation. Philippines granted GSP+. WB to prepare 5 studies focusing on potential impact of different trade agreements on Cambodia.			
<b>Indicative Action 2:</b> Draft and promulgate Legal Text on Rules of Origins	No draft in 2013	Law approved by Parliament and signed into Law by 2016	MoC, MEF, CoM	TDSP/ UNCTAD
	In draft form.			
<b>Indicative Action 3:</b> Finalize and promulgate Law on Trade Remedies	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM,	TA not needed
	No progress			
<b>Indicative Action 4:</b> Finalize and promulgate Law on SEZs	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM,	TA needed
	For now, SEZs operate under an Anukret. CDC suggests revised draft to be submitted to CoM by end of 2015.			
<b>Indicative Action 5:</b> Finalize and promulgate revised Investment Law	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM	IFC survey. Additional TA needed
	Conflicting views. CDC would like a law providing incentives to every investor. MEF concerned about proper balance between incentives and loss of tax revenues. IMF, IFC, WB pushing for performance-based incentives. IFC conducting survey of 120 investors to provide inputs. Findings expected in May 2015. CDC suggests revised draft to be submitted to CoM by end of 2015.			
<b>Indicative Action 6:</b> Finalize and promulgate Law on Competition	Early draft exists as of 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM	Received TA from Korea, UNCTAD, ADB
	Still in draft form			

<b>Indicative Action 7:</b> Amend legislation on Standards to make it WTO-compliant (same as Outcome 4, ST Action 9)	Law on Standards not WTO-compliant.	Laws on standards has been amended and is WTO-compliant by 2016	MolH, CoM	Received TA from UNIDO and others in the past. More TA needed.
	MolH is responsible for Law on Standards. MolH Senior Minister pushing for revision of the Law to bring it into WTO-compliance. But major issues resulting from overlap of responsibilities across line ministries and agencies created by various laws (standards, animal health, plant health, food laws) remain. Anukret splitting MIME into two ministries was used to separate national accreditation body from ISC but this needs to be inscribed in the law as well.			
<b>Indicative Action 8:</b> Trade rules and regulations (including tariffs) are freely available online	No website with consolidated presentation of Trade Laws and Regulations (including for SPS and TBT) as of 2013	National information portal at <a href="http://www.ocm.gov.kh">www.ocm.gov.kh</a> fully operational in Khmer and English in 2016. MoC Trade Information (includes ASEAN National Trade Repository) website fully operational	CoM, MEF, MoC	TDSP supporting creation of data base. More TA will be needed to start analysis of rules and regulations included in the database.
	A beta version of a Trade Registry website based in MEF has been created and the website is to be launched before end of 2015			
<b>Indicative Action 9:</b> Legal measures to ensure compliance with ATIGA (Art. 56 on Authorized Operators, Art. 62 on Advance Rulings, Art. 61 on Post Clearance Audit, Art. 57 on Customs Valuation) have been adopted	Prakas on Advance Ruling issued by GDCE in January 2013. No or limited action taken elsewhere	Full compliance with ATIGA is achieved by the end of 2015	GDCE, MoC and other line agencies	Additional TA might be needed
	Pilot phase of AEO is underway involving 8 or 9 companies. Some question of transparency about how and where to apply and when the AEO will be universally applied. More work needed on Advanced Rulings, Post Clearance Audits, Customs Valuation			
<b>Indicative Action 10:</b> National Work Program on NTMs in line with ASEAN requirements is in place	Anukret to create Inter-Ministerial Committee on NTMs being drafted under MEF leadership as of mid- 2013	Anukret signed by Prime Minister. Committee is up and running.	Line Ministries included in NTM Inter-Ministerial Committee	TA not needed
	Anukret signed. Committee not yet organized.			

<p><b>Indicative Action 11:</b></p> <p>CLV Development Triangle's focus on rubber sector proceeds as planned with formulation of Action Plan by the three countries (same as Outcome 14, ST Action 7)</p>	<p>The 7<sup>th</sup> CLV Development Triangle Summit of Heads of State held in Vientiane March 12, 2013 requested preparation of action plan for development of the rubber sector in the Triangle</p>	<p>Action plan fully formulated for the 8<sup>th</sup> CLV Development Triangle Summit as requested during 7<sup>th</sup> Summit</p>	<p>MEF, MoC, MAFF, SNEC</p>	<p>TA may be needed</p>
	<p>The 8<sup>th</sup> CLV has been postponed indefinitely. An action plan has been drafted but the process is taken very cautiously by Cambodia in fear that Vietnam is taking too much of a lead for its own interest. Vietnam has taken a lead on this process and Cambodia does not feel adequately engaged.</p>			
<p><b>Medium-Term Actions: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Legal framework for food safety upgraded, including adoption and promulgation of modern food law (same as Outcome 4, MT Action 2)</p>	<p>No proper legal framework in place</p>	<p>Legal framework has been adopted compliant with WTO/SPS and ASEAN principles and good international practice by 2018</p>	<p>MoC/Cam-control, MoH, MAFF, MoIH, MoT, MEF, CoM</p>	<p>FAO. More TA support required to help eliminate significant overlapping and duplication of mandates across line ministries</p>
	<p>FAO has provided TA support to Camcontrol to draft Food Law. Draft law with FAO headquarters experts for review. Law will need to be coordinated with Law on Standards and various SPS laws.</p>			
<p><b>Indicative Action 2:</b></p> <p>The Process of notification to the WTO is strengthened</p>	<p>Nine notifications as of 2013</p>	<p>All WTO-relevant actions on laws and regulations contained in the RGC's <i>2012-2015 WTO Work Program</i> or in this Road Map are notified to WTO</p>	<p>MoC, MoIH, ICS, MAFF, MoH</p>	<p>TA not needed</p>
	<p>No change</p>			

<p><b>Indicative Action 3:</b></p> <p>Non-Tariff Measures are classified, reviewed, streamlined and notified to the ASEAN Secretariat, as mandated under the ASEAN NTM Work Program.</p>	<p>No action has been taken as of 2013</p>	<p>By 2016, a complete database of NTMs has been set up and notifications are made regularly to the ASEAN Secretariat.</p> <p>By 2018, the current NTM stock has been reviewed and streamlined.</p> <p>By 2018, the impact of all new NTMs is assessed by the Inter-ministerial Committee on NTMs and several NTMs have been lessened or eliminated</p>	<p>MoC, MEF, line agencies</p>	<p>ITC assistance. Additional TA needed to analyze, review, revise, streamline NTMs as needed</p>
	<p>ITC provided assistance in developing an initial assessment of NTMs with SNEC. Limited</p>			
<p><b>Indicative Action 4:</b></p> <p>Improved accessibility, compilation and use of statistics and trade data to assist in assessing and formulating appropriate trade support interventions (same as Outcome 18, ST Action 3)</p>	<p>Official Cambodian trade data are extracted from database maintained by GDCE (Customs data), MoC (on COs, import/export, licenses), MEF (trade repository), and MAFF (SPS certificates.) There is no structure to compare and ensure coherence across sources, limited quality control systems, no tool to compare/benchmark Cambodian statistics against mirror statistics</p>	<p>Beginning in 2016, MoC Trade Training and Research Institute (TTRI) produces an annual trade data publication that consolidates and reconciles data extracted from different Government sources and ensure enhanced coherence with Comtrade mirror statistics</p>	<p>GDCE, MoC, MEF, MAFF, National Institute of Statistics</p>	<p>TDSP support to TTRI. More TA needed will be needed</p>
	<p>So far the focus has been on making MoC trade data more easily available. Work to develop a central data base using various sources and explaining differences not yet started.</p>			
	<p>Some MoC data are difficult to obtain</p>	<p>All MoC data are available up to date through MoC's revamped Website</p>	<p>MoC</p>	<p>TDSP</p>
	<p>MoC website has been revamped and more will be done after the test of the beta version of the new website is completed. Access to MoC data has hardly improved.</p>			
<p><b>Outcome 2: Trade Facilitation Reform</b></p>				

<p><b>Outcome 2: Trade Facilitation</b></p> <p>Cambodia increases its competitiveness through reduced import/export cost</p>	<p>2011 Cambodia import/export cost is 136% ASEAN-6 average (from WB/ IFC <i>Doing Business</i>)</p>	<p>2018 Cambodia import/export cost reduced to 120% ASEAN-6 average (\$552/container in <i>Doing Business</i> 2012)</p>	<p>All border agencies</p>	<p>n.a.</p>
	<p>In "<i>Doing Business 2015</i>," cost to export is \$930, cost to import is \$795/container</p>			
	<p>2011 Cambodia time for cargo release is 24 days compared to 16 days for ASEAN-6 average</p>	<p>2018 time for cargo release reduced to ASEAN-6 average</p>	<p>All border agencies</p>	<p>n.a.</p>
<p>In "<i>Doing Business 2015</i>," time to export is 22 days, time to import is 24 days</p>				
<p><b>Short-Term Actions: 2014-2016</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Trade rules and regulations (including Customs tariffs) are freely available online (same as Outcome 1, ST Action 7)</p>	<p>No website with consolidated presentation of Trade Laws and Regulations (including for SPS and TBT) as of 2013</p>	<p>National information portal at <a href="http://www.ocm.gov.kh">www.ocm.gov.kh</a> fully operational in Khmer and English in 2016. MoC Trade Information (includes ASEAN National Trade Repository) website fully operational</p>	<p>CoM, MEF, MoC (2014)</p>	<p>TDSP</p>
	<p>National Trade Repository beta version to be launched by MEF on July 31.</p>			
<p><b>Indicative Action 2:</b></p> <p>Cambodia progresses towards full computerization of trade related documents</p>	<p>Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013</p>	<p>Certificates of Origin can be applied for and processed online by 2015</p>	<p>MoC</p>	<p>TDSP</p>
	<p>Beta version launched in March 2015 (English version only). Bandwidth issues indicated by external applicants. E-payments and e-signature issues still to be worked out. EU is shifting to a self-certification CO system. Exporters will have to register for CO for first shipment (using paper forms instead of e-forms) and will be allowed to self-certify thereafter (no need for signature.) More on this below</p>			
<p><b>Indicative Action 3:</b></p> <p>Establish WTO compliant service fees by all border agencies</p>	<p>GDCE and MoC/ Camcontrol have adopted WTO compliant service fees</p>	<p>WTO compliant service fee structure for all remaining border agencies in place by 2016</p>	<p>Relevant border agencies</p>	<p>TA not needed</p>
	<p>Prakas needed to cover all aspects of fees including overtime etc. Camcontrol reforming some of its fees. MAFF has submitted proposal to MEF and is meeting with Private Sector. MAFF target is to have a reformed fee by end of 2015. GDCE has a flat 15,000 Riel fee. With single window, there will need to be a single fee for all agencies. Still need to fold some informal fees into a formal fee.</p>			

<b>Indicative Action 4:</b> Cambodia is taking steps to implement the WTO Agreement on Trade Facilitation	An Agreement on Trade Facilitation was approved as part of the "Bali Package" endorsed during the December 2013 WTO Ministerial Conference. The agreement contains special provisions for LDCs	By June 2015, Cambodia has notified the WTO as to which of its trade facilitation reform actions will fall in Categories A, B, and C of the Agreement respectively	MoC, GDCE, border agencies	WTO and OECD. Some TA needed to categorize Band C measures and negotiate with DPs to mobilize appropriate TA
	A Trade Facilitation Assessment was carried out with WTO and OECD support in 2014. A follow-up workshop will be held in June 2015 to classify reforms in A, B, and C Categories. Senior Minister MoC expects adoption of WTO TFA by National Assembly before next WTO Ministerial (December 2015) and to notify Category A measures shortly thereafter.			
<b>Medium-Term Actions: 2016-2018</b>				
<b>Indicative Action 1:</b> Updated Trade Facilitation Action Plan has been adopted and implemented	Draft updated Trade Facilitation Action Plan as of late 2013	Updated Action Plan has been adopted and is fully implemented	GDCE, MoC, MAFF and all other border agencies	TA not needed
	A new 12-Point Plan has been drafted but is not endorsed. The CTIS 2013 Roadmaps capture most of the reforms mentioned in the draft 12-Point Plan. MoC suggests the plan would need to be endorsed by the Inter-Ministerial National Trade Facilitation Committee (NTFC.)			
<b>Indicative Action 2:</b> Cambodia implements its updated Trade Facilitation Action Plan including establishment of a National Single Window	No National Single Window as of 2013. Issuance of key documents partly automated.	National Single Window (NSW) compliant with ASEAN requirements has been implemented by 2018	GDCE, MoC, MAFF and all other border agencies	TDSP, US-AID, ASEAN Single Window  Additional TA required
	GDCE has formulated a 4-year action plan that includes NSW with clear timelines and milestones. Anukret establishing NSW Steering Committee with Minister of Economy and Finance as Chair has been signed by PM. ASYCUDA up and running. ASYCUDA-World being implemented. Progress on automation of CO, SPS certificates.			
<b>Indicative Action 3:</b> Cambodia progresses towards full computerization of trade related documents	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF	TDSP
	Automated system for SPS certificates is in procurement. Initial bids insufficient and system is being re-bid. MAFF estimate it will take through the end of 2015 or early 2016 to have beta version in place.  There is an emerging issue with EU for automated CO. EU will introduce alternative system based on first-time registration of companies (based on paper documents) to be followed by self-certification of COs that would not require signature. New system would be introduced in 2017 with 3-year implementation period. Cambodia will receive TA from EU as a part of a pilot-country program.			

<p><b>Indicative Action 4:</b> Extend Risk Management System to non-Customs agencies</p>	<p>Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped</p>	<p>Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018</p>	<p>GDCE, MoC, MAFF and all other border agencies</p>	<p>TA needed</p>
	<p>More work needed to fully implement Risk Management approach at Camcontrol and MAFF</p>			
<p><b>Indicative Action 5:</b> Establish an Authorized Economic Operators (AEO) System</p>	<p>AEO regime is not yet implemented</p>	<p>AEO regime in keeping with Cambodian compliance management needs is fully implemented by 2018</p>	<p>GDCE</p>	<p>Additional TA might be needed</p>
	<p>Pilot phase of AEO is underway involving 8 or 9 companies. Some question of transparency about how and where to apply and when the AEO will be universally applied.</p>			
<p><b>Indicative Action 6:</b> Cambodia is taking steps to implement the WTO/Bali Agreement on Trade Facilitation</p>	<p>By June 2015, Cambodia has notified the WTO as to which of its trade facilitation reform actions fall in Categories A, B, and C of the Agreement respectively</p>	<p>By June 2017, Cambodia has notified the WTO of the arrangements entered into with DPs regarding TA needed to support implementation of Category C Actions</p>	<p>MoC, GDCE, border agencies</p>	<p>TA will be needed for Category C Actions</p>
	<p>Issue to be discussed during June 2015 workshop.</p>			
<p><b>Outcome 3: Enhanced Trade Logistics</b></p>				
<p><b>Outcome 3: Trade Logistics</b> Cambodia increases its competitiveness through improved trade logistics</p>	<p>On the two major land trade corridors, average speed for trade logistics is 22.15 Kmh, transport cost is \$0.11/MT/Km and logistics cost is \$0.2/MT/Km in 2012</p>	<p>2018 Speed for trade logistics rises to 25 Kmh, transport cost decreases to \$0.7/MT/Km, logistics cost decreases to \$0.15/MT/Km (at constant prices)</p>	<p>MoPWT, MEF, MoC, MAFF</p>	<p>n.a.</p>
	<p>JICA is updating earlier time/cost flow study and expecting results in early 2016.</p>			
<p><b>Short-Term Actions: 2014-2016</b></p>				

<p><b>Indicative Action 1:</b></p> <p>A National Transportation Logistics Plan is developed and implemented</p>	No comprehensive plan formulated.	Comprehensive plan has been developed. Plan is linked to existing ASEAN frameworks such as the <i>"Roadmap for the Integration of Logistics Services"</i>	MoPWT, MEF, concerned Line Ministries and agencies	TA needed to develop plan once institutional issues sorted out
	Technical Group on Trade Logistics created by CDC as part of implementation of 2015 IDP. MoPWT expected to lead drafting of a plan. But MoPWT knows that GDCE, MoC and other agencies have important role to play and that leadership at very senior level of Government will be required.			
<p><b>Indicative Action 2:</b></p> <p>Improved cross-border transport agreements (road and waterways) are negotiated with neighbors and regional organization for an integrated transport market</p>	Existing agreements have only partial coverage and are not fully implemented.	Cross-border agreements (bilateral and regional) are fully enacted and implemented, in cooperation with neighboring countries.	MEF, MoC, MoPWT, MoFA, concerned Line Ministries and agencies	No TA needed
	Various negotiations continue with no significant results so far. Inland waterways negotiations (Cambodia -VN) underway. MPWT agitating for a bilateral road transport agreement Cambodia -TH. CBTA still not endorsed and truck quotas continue on Cambodia -TH border.			
<p><b>Indicative Action 3:</b></p> <p>Carry out security review of Sihanoukville and Phnom Penh Ports and implement plan to reduce pilferage in line with international security standards</p>	Pilferage is reported as a problem by Private Sector operators	A system to collect pilferage statistics is put in place by 2014 and pilferage is substantially reduced by 2016	Port Authorities, in coordination with other border agencies	No TA needed
	Pilferage in the ports seems to have improved. Security is still an issue on roads.			
<p><b>Indicative Action 4:</b></p> <p>Liberalize port fees to increase competitiveness</p>	Port fees are set by the RGC	Cambodian ports offer competitive fees compared to neighboring countries. Sihanoukville costs are lowered	MEF, MoPWT, MoC, Port Authorities	JICA
	SHV Port clearance times have been expanded to provide 24-hour service. Load-on-load off (LOLO) faster. Fees from KAMSAB unchanged.			
<p><b>Indicative Action 5:</b></p> <p>Private Sector participate in ports operation and management</p>	Ports are managed by Government	Private Sector are involved in some or all aspects of ports operations and management	MEF, Port Authorities, MoPWT	No TA needed
	PPAP to be partially privatized and listed on CSX.			

<p><b>Indicative Action 6:</b></p> <p>Rail link between Phnom Penh and Sihanoukville offers scheduled freight service</p>	<p>Rail link has been rebuilt/renovated and limited scheduled service available</p>	<p>Full, regular scheduled rail freight service between the two cities operates by 2014</p>	<p>MoPWT</p>	<p>Additional capital investment in rolling stock might be required</p>
	<p>Approximately 2 trains (coal trains + cement trains) run on a daily basis. Demand for more frequent services is constrained by poor logistics facilities for LOLO required. Financing for capital equipment may be the stumbling block.</p>			
<p><b>Indicative Action 7:</b></p> <p>Reopen rail connection between Phnom Penh and Poipet to compete with road transport</p>	<p>Rebuilding or renovation of rail link yet to be completed</p>	<p>Some scheduled freight service by rail between Sisophon and Phnom Penh has commenced by 2016</p>	<p>MoPWT</p>	<p>Additional financing required for completing work. ADB has submitted loan proposal. China might be willing to provide loan as well. Australia has pulled out.</p>
	<p>Bridge to Thailand will be completed in 2 months. Line from PNH to Poipet is pending clearance for additional funds from ADB. A gap of 6 kms between Battambang and the border remains (jostling among Ministries about terminus of the cross-border line.) Cambodia is pushing for new border crossing point to be established south of Poipet, but railway on Thai side is stuck at Poipet center. Moving south will entail agreement with Thailand on where the cross-border line will link.</p>			
<p><b>Indicative Action 8:</b></p> <p>Develop rail link between Phnom Penh and VIETNAM border</p>	<p>No rail link</p>	<p>Plan to expand rail link from Phnom Penh to VIETNAM border finalized and financing secured</p>	<p>MoPWT, MEF</p>	<p>Financing for feasibility study would be required</p>
	<p>No progress. Some Chinese investors propose linking Battambang to SR, then to VN border.</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>A National Transportation Logistics Plan is implemented</p>	<p>Comprehensive Plan has been developed</p>	<p>A National Transportation Logistics Plan is implemented with performance indicators. Annual reviews of indicators are carried out</p>	<p>MoPWT, MEF, concerned Line Ministries and agencies</p>	<p>TA needed. KOIKA financing feasibility study of improved traffic on waterways</p>
	<p>No taskforce established therefore no NTLB has been drafted. MoPWT and MOC cannot agree on leadership of taskforce.</p>			

<b>Indicative Action 2:</b> Improve transport regulations on: liabilities, axle loads limits, drivers' qualifications and conditions, safety standards	Most regulations are lacking or need to be reviewed	Regulations in line with international standards are adopted and implemented	MoPWT, GDCE, MoC, MoC/Camcontrol, MAFF	TA needed
	New traffic law introduced Jan 2015, with gradual implementation. Road law on construction standards for roads in draft. Enforcement of axle load limits and certification not properly implemented. Driver education scheme underway through Mekong Institute and TUV Rheinland.			
<b>Indicative Action 3:</b> Work with ASEAN to establish a regional third party liability insurance scheme	No third party liability insurance scheme in place	Third party liability insurance scheme in place	MEF, MoPWT	TA needed
	No progress.			
<b>Indicative Action 4:</b> Introduce road fleet modernizing scheme	No policy currently in place to promote road fleet modernization.	A policy for road fleet modernization has been developed by RGC with some clear targets identified	MEF, MoPWT, MoC, Trucking Industry	TA needed
	No progress. New traffic law may help remedy this by introducing new standards of quality.			
<b>Indicative Action 5:</b> Increase draft capacity of Sihanoukville Port	Current draft limited to ships less than 1000 TEU. Additional dredging in progress and new facilities under construction	Dredging has been completed and Sihanoukville Port provides access to ships larger than 1000 TEU	MoPWT, Port of Sihanoukville, MEF	JICA assistance
	Dredging under way.			
<b>Indicative Action 6:</b> Investigate possibility of increasing draft of Phnom Penh Port	Phnom Penh Port can accept barges less than 120 TEU	Study possibility of dredging Mekong river between Phnom Penh and Saigon ports to enable barges larger than 120 TEU	MoPWT, Phnom Penh Port	Financing would be required
	No progress. Would require agreement between Cambodia and VN and would also require dredging in VN			
<b>Indicative Action 7:</b> Improve road between Phnom Penh and Sihanoukville	Large sections of the highway remain two lanes	Four lane highway between Phnom Penh and Sihanoukville completed	MoPWT, MEF	Financing will be required
	No progress. MoPWT has announced a new PNH-SHV highway will be built			
<b>Indicative Action 8:</b> Upgrade highways conditions between Thai and Vietnamese borders	Average road transport of 20' container between the two borders is 15 hours in 2013	Average road transport of 20' container between the two borders lowered to 13 hours in 2018 as a result of road improvements	MoPWT, MEF	Financing required.
	No progress. A study underwritten by JICA for a future PPP Expressway to HCMC from PNH has been announced.			

<b>Outcome 4: Strengthened Capacity of Exporters to Meet Technical Standards and SPS Requirements</b>				
<p><b>Outcome 4: Technical Standards and SPS Requirements</b></p> <p>The capacity of Cambodian exporters to meet technical and SPS requirements standards set by importers and importing countries increases</p>	<p>Ratios of formal exports of milled rice, cassava, and corn to total production of each in MT reflect, indirectly, the ability of Cambodian producers/exporters to meet some, if limited, standards</p> <p>2011 Rice ratio: 0.0165</p> <p>2011 Cassava ratio: 0.0085</p> <p>2011 Corn ratio: 0.0497</p> <p>(MoC for formal MT exports; AFSIS for total MT production)</p>	<p>The three ratios grows by a factor of ten or more by 2018 indicating significant shift from informal to formal exports</p>	<p>Private Sector, MAFF, MoC, MoIH</p>	<p>n.a.</p>
	Too early to measure			
<b>Short-Term Actions: 2014-2016</b>				
<p><b>Indicative Action 1:</b></p> <p>Capacity of rice millers to meet basic Hazard Analysis &amp; Critical Control Point (HACCP) or Good Manufacturing Practice (GMP) standards is developed through rice mills certification program</p>	<p>No modern rice mills certified as of 2013 (one plant certified by ISC, but ISC is not internationally accredited as of yet so this certification has no export value)</p>	<p>10 Cambodia rice mills are HACCP or GMP certified in 2016</p>	<p>Private Sector, MoIH, MAFF</p>	<p>TA support from EIF CEDEP I/IFC</p>
	13 millers HACCP certified as of September 2015. 4 or 5 more by December 2015. Two millers also going for ISO certification			
<p><b>Indicative Action 2:</b></p> <p>Implementation of SPS standards (HACCP or GMP) among marine fishery product processors increases resulting in improved export competitiveness</p>	<p>1 marine fishery product processor HACCP/GMP certified in 2013</p>	<p>12 marine fishery product processors HACCP/GMP certified in 2016</p>	<p>Private Sector, MAFF/FiA</p>	<p>EIF CEDEP II/ UNIDO</p>
	No real progress at individual facility level.			

<b>Indicative Action 3:</b> Capacity of dried cassava processors to meet basic GMP-based standards developed through certification program	No certification system in place	Certification system in place for processors that produce for demanding export markets in 2016	Private Sector, MoIH, MAFF	EIF CEDEP II/ UNDP
	Factories with proper storage facilities are very few			
<b>Indicative Action 4:</b> Cambodia natural rubber value chain produces high-quality products for export markets	No system in place to monitor quality of exported natural rubber	System to register quantities of natural rubber by grade and price in place and implemented by 2016	Private Sector, MAFF, MoC, RRIC	TA likely needed
	GDR has a system but not fully implemented. The lack of a sector association does not help.			
<b>Indicative Action 5:</b> Surveillance of pests and diseases for export crops, pesticides, and fertilizers used in production areas for export	No formal surveillance system in 2013	Formal surveillance system in place for plant pests and diseases and pesticides as required by main importers and compliant with international standards, and regular reporting to IPPC, ASEAN and trading partners by 2016	MAFF/GDA	ADB  EU on surveillance of pests on plants  Additional TA may be needed. Should await MTR of current ADB TA and loan to MAFF
	With TA support from USAID, MAFF/GDA has drafted an Extension Service Policy to build up capacity at decentralized, field level. The challenge at this stage is to implement it. EU to provide TA support for GDA to monitor pests on plants. ADB is also supporting GDA on SPS matters.			

<p><b>Indicative Action 6:</b> Surveillance of trans-boundary animal diseases</p>	<p>No formal system in place in 2013, except for Avian Flu</p>	<p>Formal surveillance system in place in targeted regions for FMD (foot and mouth disease), CSF (classical swine fever), and PRRS (porcine reproductive and respiratory syndrome). Evidence of regular monitoring and reporting to OIE by 2016</p>	<p>MAFF/DAHP</p>	<p>ADB. Should await MTR of current ADB TA and loan to MAFF</p>
	<p>Formal surveillance system has been in place since 2000. TA from FAO and EU. After leaving OIE in 1975, Cambodia re-entered OIE in 2000 and has been a full-fledged member, regularly reporting to this world organization since then. In addition, the Law on Animal Health and Production has been submitted to the National Assembly for adoption soon. The National Strategic Plan for Animal Health and Production 2016-2025, drafted with assistance of FAO and EU, will be launched on 11 December 2015. National Strategic Plan for FMD Control was adopted in 2015.</p>			
<p><b>Indicative Action 7:</b> Surveillance and testing of food products</p>	<p>No formal system in place in 2013</p>	<p>Formal surveillance system in place for markets, restaurants, and street food with annual report on food safety in Cambodia. Active participation in The International Food Safety Authorities Network (INFOSAN) and ASEAN Rapid Alert System for Food and Feed (ARASFF) by 2016</p>	<p>MoC/Cam-control, MoH, MAFF</p>	<p>ADB TA under implementation by MoH  ADB TA under implementation by MAFF. Should await MTR of current ADB TA and loan to MAFF</p>
	<p>MoH has begun implementing a restaurant rating system based on food safety with ADB TA. Restaurants and food retail establishments are being trained before rating system implemented.  MAFF hopes to deploy its officials to implement the surveillance system at border checkpoints by the end of 2015.</p>			
<p><b>Indicative Action 8:</b> Legal review and recommendations for improved SPS and TBT legislation</p>	<p>The legal framework for SPS and TBT has many gaps, inconsistencies, unclear mandates, and quality issues. It is neither WTO- nor ASEAN-compliant</p>	<p>An assessment with recommendations for upgrading the legislative framework for SPS and TBT has been completed by 2015</p>	<p>MoC, MAFF, MoH, MoI, MoT, MEF, CoM,</p>	<p>TA may be needed</p>
	<p>No progress</p>			

<b>Indicative Action 9:</b> Amend legislation on Standards to make it WTO-compliant	Law on Standards not WTO-compliant	Laws on standards has been amended and is WTO-compliant by 2016	MoIH, CoM,	TA needed
	MoIH is responsible for Law on Standards. MoIH Senior Minister pushing for revision of the Law to bring it into WTO-compliance. But major issues resulting from overlap of responsibilities across line ministries and agencies created various laws (standards, animal health, plant health, food laws) remain. Anukret splitting MIME into two ministries was used to separate national accreditation body from ISC but this needs to be inscribed in the law as well.			
<b>Indicative Action 10:</b> Strategy to support development of regulatory SPS laboratories	No national plan, no coordination	Action Plan for development of regulatory food testing laboratories ready by 2016	MEF, MoC, MAFF, MoIH, MoH	TA not needed
	Only two labs are accredited internationally. Government lacks a clear plan to get lab accreditations.			
<b>Medium-Term Action: 2016-2018</b>				
<b>Indicative Action 1:</b> Legal framework for conformity assessment, accreditation for technical standards and SPS	No proper legal framework in place	Legal framework has been adopted compliant with WTO/TBT and ASEAN principles and good international practice by 2018	MoIH, MAFF, MoH, MoC, CoM	TA needed
	No progress			
<b>Indicative Action 2:</b> Legal framework for food safety upgraded, including adoption and promulgation of modern food law	No proper legal framework in place	Legal framework has been adopted compliant with WTO/SPS and ASEAN principles and good international practice by 2018	MoC/Cam-control, MoH, MAFF, MoIH, MoT, MEF, CoM	FAO
	FAO has provided TA support to Camcontrol to draft Food Law. Draft law with FAO headquarters experts for review. Law will need to be coordinated with Law on Standards and various SPS laws.			
<b>Indicative Action 3:</b> Surveillance and testing of primary food products at primary production and processing level	No formal system in place in 2013	Formal MAFF surveillance system in place and evidence of regular monitoring with contributions to MoC and MoH for integration in the on-going annual report on the food safety situation in Cambodia and reporting to INFOSAN and ARASFF by 2018	MAFF, MoC/Camcontrol, MoH	TA may be needed
	No progress			

<p><b>Indicative Action 4:</b> Surveillance of residues of veterinary drugs and growth enhancers in meat products and feed</p>	No formal system in place in 2013	Formal annual surveillance system in place and evidence of regular monitoring by 2018	MAFF/DAHP	TA may be needed
	No progress			
<p><b>Indicative Action 5:</b> FiA is upgraded, qualifies as "competent authority" for EU, and can support exports of fisheries products to EU</p>	Export of fisheries products to EU not yet possible. Public management of SPS for fisheries weak	FiA has been recognized as EU "competent authority" and can support Cambodian exporters targeting EU markets by 2018	MAFF/FiA	TDSP support  New EU support expected as part of EU new country program
	FiA is a competent authority and is able to issue Health Certificates for China, VN, and a few other countries within the region. FiA use Pasteur Lab for inspection of facilities + microbiology tests for US, Japan, Korea. Cambodia still not allowed to export to EU. Work needed to continue improving safety in processing.			
<p><b>Indicative Action 6:</b> Effective SPS coordination in place</p>	Capacity of SPS Enquiry Point, Notification Authority, Codex, IPPC and OIE contact points very limited.	SPS Enquiry Point and Notification Authority in place with (i) up-to-date website on SPS legislation and import and export requirements (could be part of National Information Portal), and (ii) notifications of new SPS measures done as required by WTO.  National Codex Committee meets regularly for food safety coordination. CODEX, IPPC, and OIE contact points functioning well by 2018	MoC, MAFF, MoIH, MoH, Private Sector	TA not needed
	No progress. Still lack of coordination among key line ministries.			

<b>Indicative Action 7:</b> SPS standards in kitchen in hotel and restaurant improve through enhanced training of existing and new kitchen staff	Index from baseline survey of SPS standards in hotel and restaurant kitchen to be conducted by the Academy of Culinary Arts – Cambodia (ACAC) under CEDEP-II. Also to use info from voluntary Good Health Practice (GHP) rating to be introduced by MoH	Repeat baseline survey (CEDEP II) by 2016-17	Private Sector, MoH, RACA, MoT	EIF CEDEP II/ Shift 360
	ACAC project approved and started as of Summer 2015. Baseline survey to be conducted.			
	Restaurant rating system being prepared. No restaurants have passed GHP/GMP audit. Low hygiene standards in sector	A rating system is in place. 200 restaurants have passed GHP/ GMP audits by 2018	Private Sector, MoH, MoT	ADB
	MoH has begun implementing a restaurant rating system based on food safety with ADB TA. Restaurants and food retail establishments are being trained in basic food safety principles before rating system implemented.			
<b>Indicative Action 8:</b> Corn exports can meet SPS standards	No market access agreement in place with SPS-demanding countries	A Cambodia-China MoU on phytosanitary requirements for export of corn in place and implemented by 2017	MAFF, MoC	completed
	MoU has been signed with China covering Corn			
<b>Indicative Action 9:</b> Capacity of Corn drying, shelling, and storage facilities to meet GMP/HACCP certification	No facilities with GMP/HACCP certification	5 facilities with GMP/ HACCP certification by 2018	Private Sector, MoH, MAFF	TA needed
	No progress			
<b>Indicative Action 10:</b> Quality and traceability of silk yarn imports ensured	Lack of COs on most imported yarn	30% of imported yarn has a clear CO in 2018.	Private Sector, MoC, MoWA,	TA needed. Not in scope of CEDEP I/ ITC High Value Silk project
	Very early stage of awareness-raising among selected producers. Visit of several producers to Hanoi and HCMC factories to learn about quality. Will require work with several large distributors.			

<p><b>Indicative Action 11:</b></p> <p>Safety among food processing exporting facilities enhanced by increased adoption of GMP and HACCP certification</p>	7 large food processing facilities have been certified recently under HACCP, GMP, ISO 22000 or FSSC 22000 standards	Another 20 large food processing facilities are certified against international standards by 2018	Private Sector, MoIH, MoH	TUV Rheinland active  Turkey has offered assistance to work on Halal Standards  Additional TA needed
	MoC is discussing assistance from Turkey to develop Halal standards and Halal certification of processing facilities.			
<p><b>Indicative Action 12:</b></p> <p>Risk management for SPS and TBT</p>	No risk-based inspections in place for food safety, plant and animal health, technical regulations, and legal metrology	Risk profiles for products developed and risk-based inspections implemented by 2018	MEF, MAFF, MoC, MoIH, MoH	TA needed
	Little to no progress			
<p><b>Indicative Action 13:</b></p> <p>Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)</p>	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF	TDSP
	Automated system for SPS certificates is in procurement. Initial bids insufficient and system is being re-bid. MAFF estimate it will take through the end of 2015 or early 2016 to have beta version in place.			
<p><b>Indicative Action 14:</b></p> <p>Public funding of SPS and Technical Standards related tasks enhanced</p>	Funding for "public goods", including necessary SPS and Technical Standards tasks is inadequate	An enhanced public funding output-based system, including transparent, advertised, WTO-compatible fees-for-services in place to secure adequate resources for key SPS and Technical Standard functions by 2018	MEF, MAFF, MoC, MoIH, MoH	WTO compatible fees: no TA needed
	MAFF is working to finalize the draft Laws on Plant Protection and SPS and Animal Health and SPS. MAFF-MEF joint regulations on fee-for-services when laws are finalized			
<b>Outcome 5: Improved Investment Environment for Exports</b>				

<p><b>Outcome 5: Investment Environment for Exports</b></p> <p>The environment for investment in the ten DTIS 2013 focus export sectors strengthened</p>	2012 net FDI inflows were \$1.5 billion	Net FDI inflows grow 25% annual average between 2014-2018 to triple to \$4.5 billion	Private Sector, CDC, MoIH, MAFF, other concerned Line Ministries	
	<p>Net FDI inflows were \$1.8 billion and \$1.7 billion in 2013 and 2014, respectively (UNCTAD stats).</p>			
<p><b>Short-Term Actions: 2014-2016</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Development and initiation of a National Investment Promotion Strategy</p>	Limited strategy and capacity in place to address increased global competition and fragmentation of value chains	Formulation and initial implementation of a comprehensive National Investment Promotion Strategy. Strategy includes proactive and targeted promotion measures, including focus on: <i>CTIS 2014-2018</i> ten priority sectors; measures intended to promote investment in clusters of domestic suppliers to support key export sectors; and, capacity development among policy makers. National Investment Promotion Strategy fully aligned with Law on SEZs and Industrial Policy	CDC, MoC, MoIH, MAFF, SNEC	TA needed
	<p>No progress. CDC capacity is very limited.</p>			

<b>Indicative Action 2:</b> Measures developed to strengthen linkages between foreign investors and SMEs/ domestic suppliers	No comprehensive Industrial Policy as of 2013, but early draft under preparation. Current policy environment lacks focus on developing linkages between exporters and domestic suppliers as well as between investment promotion and rules of origin	Industrial Policy fully developed and adopted by 2016. Policy includes clear tools to support development of clusters of domestic suppliers in the ten <b>CTIS 2014-2018</b> priority sectors. Investment promotion coordinated with Rules of Origin so as to attract producers of inputs used in garments, footwear, bicycles and other emerging manufacturing export sectors	SNEC, MEF, CDC, MoC	TA needed
	An Industrial Development Policy (IDP) was prepared by SNEC and adopted by CoM in March 2015. The Policy is a broad framework rather than a specific set of Actions. CDC has been delegated the responsibility of operationalizing and implementing the policy. CDC has limited capacity and will need support if the policy is to become effective.			
<b>Indicative Action 3:</b> Strengthened investment promotion and facilitation capacity of provincial authorities	Little capacity in place and few provincial investment promotion programs	Provincial Business Score Cards are updated every two years and serve as basis for the formulation of provincial investment promotion program	CDC, Mol, MAFF, MolH, MoC, SNEC	TA needed
	No progress. In the past, USAID-MSME project developed Provincial Investment Profiles. Asia Foundation, with IFC support, developed Provincial Score Cards. Efforts to update score cards and strengthen provincial capacity have not found donor support.			
<b>Indicative Action 4:</b> Finalize and promulgate Law on SEZs (same as Outcome 1, ST Action 4)	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM	TA needed
	No progress. For now, SEZs operate under an Anukret			
<b>Indicative Action 5:</b> Finalize and promulgate revised Investment Law (same as Outcome 1, ST Action 5)	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM	IFC survey
	No progress. Conflicting views. CDC would like a law providing incentives to every investor. MEF wishes to find right balance between incentives and tax revenues. IMF, IFC, WB pushing for performance-based incentives.			
<b>Indicative Action 6:</b> Finalize and promulgate Law on Competition (same as Outcome 1, ST Action 6)	Early draft exists as of 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM	Received TA from Korea, UNCTAD, ADB
	Still in draft form			

<p><b>Indicative Action 7:</b></p> <p>Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically</p>	<p>The Anukret implementing the Investment Law provides for duty-free import of materials needed by “supporting industries” in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis</p>	<p>Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors</p>	<p>MEF</p>	<p>TA not needed</p>
<p>No progress except for Rice (see below.)</p>				
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Implementation of a National Investment Promotion Strategy</p>	<p>Strategy has been developed and the basic elements are in place</p>	<p>Full implementation of the National Investment Promotion Strategy by 2018. Significant increases in FDI in several of the ten priority export sectors in <i>CTIS 2014-2018</i></p>	<p>CDC, MoC, MoIH, MAFF, SNEC</p>	<p>TA needed</p>
<p>No progress</p>				
<p><b>Indicative Action 2:</b></p> <p>Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers</p>	<p>Some emergence of domestic parts suppliers in garments, footwear and bicycles.</p>	<p>As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors</p>	<p>CDC, MEF, SNEC, Private Sector</p>	<p>TA needed</p>
<p>No progress</p>				
<p><b>Indicative Action 3:</b> Leveraging the investment promotion and facilitation capacity of provincial authorities</p>	<p>Capacity and strategies developed, but activities need to be more proactive</p>	<p>Provincial investment promotion activities lead to increased Private Sector investment at provincial-level, growing 25% annually by 2018</p>	<p>CDC, MoI, MAFF, MoIH, MoC, SNEC</p>	<p>TA needed</p>
<p>Investment is spreading out as a result of labor shortages in PP.</p>				
<p><b>Outcome 6: Establishing a Trade-Supportive Framework for Intellectual Property Rights</b></p>				

<p><b>Outcome 6: Intellectual Property Rights</b></p> <p>A modern, trade-supportive intellectual property rights framework is established, implemented, and enforced</p>	705 new trade and service marks registered by Cambodian businesses in 2012	Over 1,200 new marks registered by Cambodian businesses during 2018	MoC, NCIPR, Private Sector	Not applicable
	757 new marks registered in 2013; 667 new marks in 2014 (MoC)			
	192 industrial designs registered as of 2012, including 25 local designs	60 local designs registered by 2018	MoIH, NCIPR, Private Sector	Not applicable
	29 industrial designs registered in 2014 including 10 local designs (MoIH)			
	42 new works and 89 songs copyrighted and registered (MoCFA)			
	341 patent applications, 0 registered; 22 utility model applications, 0 registered (MoIH)			
<b>Short-Term Actions: 2014-2016</b>				
<p><b>Indicative Action 1:</b></p> <p>Stronger legal system for IP education and enforcement in place</p>	Draft Anukret in CoM	Anukret establishing a National Sub-Committee on IP Education, and Awareness is adopted	NCIPR, CoM	<p>After Anukrets are adopted TA might be useful to develop and implement work programs for the two subcommittees</p>
	Draft Anukret in CoM	Anukret establishing a National Sub-Committee on Enforcement of IP laws and rules	NCIPR, CoM	
	The two Anukrets will be resubmitted to CoM in the next few months.			
<p><b>Indicative Action 2:</b></p> <p>Finalize and promulgate Law on Geographical Indications</p>	Draft text available as of 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM	Completed
	Law promulgated January 2014			
<p><b>Indicative Action 3:</b></p> <p>Finalize and promulgate Law on Integrated Circuits and Layout Designs</p>	Drafting under way	Law approved by Parliament and signed into Law by 2016	MoIH, CoM	Need TA to develop draft
	Government currently operates under Prakas of MoIH.			
<p><b>Indicative Action 4:</b></p> <p>Finalize and promulgate Law on Trade Secrets and Undisclosed Information</p>	Draft submitted to CoM in 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM	<p>(1) Received TA in 2009 from Canada.</p> <p>(2) May need some new TA to adapt text to take benefit of TRIPS extension</p>
	Early draft reviewed with some ministries. Submission to CoM planned for end 2015 or early 2016			

<b>Indicative Action 5:</b> Anukret on the Law on Seed Varieties	Drafting under way	Anukret adopted by Government	MolH, CoM	Need Financial and Technical Assistance
	The law on Seed Management and Plant Breeders' Rights was adopted in 2008 (with an ADB TA). MolH is responsible for Registration of Plant Breeders' Rights and needs to issue one Prakas while MAFF is responsible for Seeds Management and needs to draft one Anukret (for adoption by CoM) and issue 10 Prakas. Not done as of yet.			
<b>Indicative Action 6:</b> Finalize and promulgate Law on Compulsory Licensing for Public Health	Drafting under way	Law approved by Parliament and signed into Law by 2016	MolH, CoM	UNAIDS provided some TA
	Draft has been sent to CoM and is awaiting comments from MoJ for finalization			
<b>Medium-Term Action: 2016-2018</b>				
<b>Indicative Action 1:</b> Align "exhaustion clause" included in key IPR legislation (Copyright, Trademark, Patents and Industrial Design) with needs of AEC integration.	Key IPR legislations covering Copyright, Trademark, Patents and Industrial Design include exhaustion clauses that may be in conflict with principles at the core of AEC integration to which Cambodia is committed	Exhaustion clauses in current legal texts or laws have been aligned, modified, or eliminated, as needed, as they apply to countries within AEC by 2018	NCIPR, MoC, MolH, MoCFA, CoM	TA may be needed
	No discussion on this issue under AEC. Some discussion under RCEP. RCEP to be completed by end 2015. Will need to be looked at against opportunities created by TRIPS extension			

<p><b>Indicative Action 2:</b> Implementation of National IP Strategy for Cambodia well under way</p>	<p>A National IP Strategy for Cambodia developed in March 2013</p>	<p>50% of the 48 Actions identified in the National IP Strategy have been implemented</p>	<p>NCIPR, MoC, MoIH, MoCFA, MAFF, MoT, MoEYS, MoH, enforcement agencies</p>	<p>(1) Some support from WIPO on GIs and Collective Marks.  (2) NCIPR preparing proposal covering 6 Actions for submission to WIPO  (3) FAO Regional Office Asia Pacific has call for proposals to support GI for Palm Sugar/ Kampong Speu  (4) Need technical assistance to implement the remaining activities</p>
<p>GI Law Action completed</p>				

<p><b>Indicative Action 3:</b></p> <p>Quality of human and IT resources in IP sector is enhanced</p>	<p>The Anukrets creating the NCIPR's two sub-committees have been adopted</p>	<p>A clear human and IT resources development plan has been designed, is financed, and is implemented in the key IP Offices with a focus on training/ retraining three groups of professionals:</p> <ol style="list-style-type: none"> <li>1. IP Offices' staff</li> <li>2. Officers in IP Border Agencies</li> <li>3. Judges and practicing lawyers</li> </ol> <p>The plan includes also upgrading of IT resources</p>	<p>NCIPR, MoC, MoIH, MoCFA, IP Border Agencies, Judicial system</p>	<p>(1) MoC received WIPO and ECAP III support to accede to Madrid Protocol (March 2015.)</p> <p>(2) MoC receives TDSP support to develop trademark website</p> <p>(3) Additional TA likely required to develop other websites and to develop and implement human resource plan</p>
	<p>Up-and-running website provides online information on trademarks registered in Cambodia. Online registration of Trademark to become operative by end 2015</p>			

**Pillar 2:** Expanding and Diversifying Cambodia's Export Base Through Strengthening Supply in Current and New Sectors, Entering New Markets, and Moving up Value Chains

**Outcome 7: Garments**

<p><b>Outcome 7: Garment</b></p> <p>Cambodia continues to grow and diversify its garment export sector through targeting new markets, increasing domestic inputs, and expanding in higher value products</p>	<p>9% export growth per annum during 2007-2011. Share of US exports was approximately 60% in 2011</p>	<p>12% export growth per annum during 2014-2018. No single market accounts for more than 40% of total exports by 2018</p>	<p>Private Sector, MoC, MoIH, GMAC</p>	<p>n.a.</p>
	<p>Garment export increased 7.5% from 2013 to 2014. Exports to US were 35% and to EU 41.5%. (Source: GMAC Website).</p>			
	<p>24 MT of fabric produced by five local producers. No local production of yarn/thread as of early 2013 (May 2013 MoC Survey)</p>	<p>Domestic production of fabric increases at average annual rate of 20% between 2014 and 2018. Local production of yarn/thread commenced</p>	<p>Private Sector, MoC, MoIH</p>	<p>n.a.</p>
<p>NA</p>				

**Short-Term Actions: 2014-2016**

<p><b>Indicative Action 1:</b> TVET programs are established to meet need in technical and engineering personnel in garments, footwear, and SEZ sectors (same as Outcome 17, ST Action 2)</p>	<p>Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute</p>	<p>GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector</p>	<p>GMAC, Training Service Providers, AFTEX</p>	<p>AFD loan and grant + GMAC contribution</p>
	<p>GMAC is establishing the Cambodian Garment Training Institute with a \$2.0 million loan + \$1.1 million grant from AFD. Construction approximately \$2 million. \$1.1 million for training trainers + \$550,000 contribution from GMAC. Will use ASEAN Basic Competency standards. Long course, short course, and 2-year diploma level. Will target training of middle and high level position in garment sector to substitute for expats.</p>			
<p><b>Indicative Action 2:</b> Cambodia is known for the <i>Better Factories</i> initiative and its compliance with labor laws</p>	<p>There are 32 <i>Better Factories Cambodia</i> (BFC) indicators measuring compliance with legal requirements relating to workers' conditions and rights. Those are reported annually in the BFC Synthesis Report</p>	<p>Compliance remains at 2013 level or better</p>	<p>Private Sector, GMAC, MoC, MoIH</p>	<p>TA not needed</p>
	<p>Low compliance as defined by the BFC Program is decreasing steadily from 9/9% in the second cycle, to 6.5% in the third cycle, to 5.6% in the fourth cycle and 4.7% in the fifth cycle (mid 2014-mid 2015). Source: BFC website</p>			
<p><b>Indicative Action 3:</b> Invest in a positive "Made in Cambodia" brand – promoting labor compliance and quality</p>	<p>No industry-wide branding</p>	<p>National manufacturing brand and logo adopted and used on all export shipments by 2016</p>	<p>Private Sector, GMAC, MoC, MoIH</p>	<p>TA needed</p>
	<p>No progress</p>			

<b>Indicative Action 4:</b> Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically (same as Outcome 5, ST Action 7)	The Anukret implementing the Investment Law provides for duty-free import of materials needed by "supporting industries" in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis	Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors	MEF	TA not needed
	No resolution. Need to work at G-PSF level (WG#7)			
<b>Indicative Action 5:</b> Further improvements in the efficiency and timeliness of Cambodia's export services (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual. CO only issued after shipment and often takes 5 – 10 days, leading to delays in the transfer of documents to buyer and payment to exporter	Certificates of Origin can be applied for and processed online by 2015	MoC	TDSP
	Progress by MoC is welcome. Still some teething problems with the website launched by MoC in March.			
<b>Indicative Action 6:</b> Monthly advance profit tax suspended beyond 2015	The May 2009 Prakas 483 issued by MEF suspend the monthly advance profit tax for footwear until 2015	Monthly advance profit tax suspended beyond 2015	MEF	TA not needed
	Part of a broader problem which is being discussed in G-PSF WG#7			
<b>Medium-Term Action: 2016-2018</b>				
<b>Indicative Action 1:</b> Cambodia diversifies its garment product mix with more value-added activities performed in factories	Up to 75% of garment factories operate on a cut-make-trim basis only (GMAC)	Less than 50% of garment factories operate on a cut-make-trim basis only by 2018	Private Sector, GMAC, MoC, MoIH,	TA not needed
	Progress. More factories operating on FoB rather than CMT.			

<p><b>Indicative Action 2:</b></p> <p>Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers (same as Outcome 5, MT Action 2)</p>	<p>Some emergence of domestic parts suppliers in garments, footwear and bicycles</p>	<p>As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors</p>	<p>CDC, MEF, SNEC, Private Sector</p>	<p>CDC needs TA</p>
	<p>An industrial Development Policy was prepared by SNEC and adopted by CoM in March 2015. The Policy is a broad framework rather than a specific set of Actions. CDC has been delegated the responsibility of operationalizing and implementing the policy. CDC has limited capacity and will need support if the policy is to become effective.</p>			
<p><b>Indicative Action 3:</b></p> <p>Garment sector reduces its reliance on imported inputs for production</p>	<p>Imported inputs (aggregate HS 50-60) grew at an average annual rate of 15% over 2007-2011 period (Comtrade)</p>	<p>Average annual rate of growth in imported inputs during 2014-2018 period less than average annual rate of growth in 2007-2011 period</p>	<p>Private Sector, MoC, GMAC, MolH</p>	<p>TA not needed</p>
	<p>There are three domestic textile mills producing fabric and one factory (Chinese investment) producing zippers. Domestic supply is growing very slow due to lack of proper incentive framework from Government, including sorting out the issue of no VAT on domestic inputs used for export production.</p>			
<p><b>Outcome 8: Footwear</b></p>				
<p><b>Outcome 8: Footwear</b></p> <p>Cambodia continues to grow and diversify its footwear export sector through targeting new markets and developing new market segments</p>	<p>Cambodia's footwear exports grew by 76% per annum between 2008 and 2011</p>	<p>Cambodia's footwear exports grow by 25% per annum between 2014 and 2018</p>	<p>Private Sector, MoC, MolH, GMAC</p>	<p>n.a.</p>
	<p>Footwear exports grew by 9.3% from 2013 to 2014 to \$438 million.</p>			
	<p>The UK and German markets captured 32% share of Cambodian exports in 2011</p>	<p>Share of UK and German markets is reduced to 20% of Cambodian footwear exports in 2018</p>	<p>Private Sector, MoC, MolH, GMAC</p>	<p>n.a.</p>
	<p>The European Union is the single largest export market for Cambodia's garments and footwear exports representing 42% of total volume export and an annual increase in 2014 of 27%. Exports to the United States declined by 6% in the same period and represent 34% of total volume export. The remaining 24% of exports in 2014 went to other markets, especially Canada and Japan (ILO 2015).</p>			
<p><b>Short-Term Actions: 2014-2016</b></p>				

<p><b>Indicative Action 1:</b></p> <p>The industry develops its promotion and coordination capacity through an appropriate representative body (either GMAC or FOCC)</p>	<p>Very limited promotion of the footwear sector through international events</p>	<p>GMAC organizes participation of the footwear sector to 3 established international footwear-specific events (fairs, etc.) every year by 2016</p>	<p>Private Sector, GMAC, MoIH</p>	<p>TA might be needed to help launch Footwear association</p>
	<p>Footwear has grown very rapidly over the past few years mostly due to DFQF in EU and Japan. Sector might consider creating its own association to promote itself.</p>			
<p><b>Indicative Action 2:</b></p> <p>TVET programs are established to meet need in technical and engineering personnel in garments, footwear, and SEZ sectors (same as Outcome 17, ST Action 2)</p>	<p>Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute</p>	<p>GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector</p>	<p>GMAC, Training Service Providers, AFTEX</p>	<p>TA might be needed for training focusing on Footwear</p>
	<p>GMAC training institute will focus on the needs of the garment sector.</p>			
<p><b>Indicative Action 3:</b></p> <p>Cambodia known for the <b>Better Factories</b> initiative and its compliance with labor laws (same as Outcome 7, ST Action 2)</p>	<p>There are 32 <b>Better Factories Cambodia</b> (BFC) indicators measuring compliance with legal requirements relating to workers' conditions and rights. Those are reported annually in the BFC Synthesis Report</p>	<p>Compliance remains at 2013 level or better</p>	<p>Private Sector, GMAC, MoC, MoIH</p>	<p>TA not needed</p>
	<p>MEF is setting up a PPP unit with an ADB TA to assist in the development of selected PPPs across sectors</p>			
<p><b>Indicative Action 4:</b></p> <p>Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically (same as Outcome 5, ST Action 7)</p>	<p>The Anukret implementing the Investment Law provides for duty-free import of materials needed by "supporting industries" in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis</p>	<p>Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors</p>	<p>MEF</p>	<p>TA not needed</p>
	<p>No resolution. Need to work at G-PSF level (WG#7)</p>			

<b>Indicative Action 5:</b> Further improvements in the efficiency and timeliness of Cambodia's export services (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC	TDSP
	Progress by MoC is welcome. Still some teething problem with the website launched by MoC in March.			
<b>Indicative Action 6:</b> Monthly advance profit tax suspended beyond 2015 (same as Outcome 7, ST Action 6)	The May 2009 Prakas 483 issued by MEF suspend the monthly advance profit tax for footwear until 2015	Monthly advance profit tax suspended beyond 2015	MEF	TA not needed
	Part of a broader problem which is being discussed in G-PSF WG#7			
<b>Medium-Term Action: 2016-2018</b>				
<b>Indicative Action 1:</b> Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers (same as Outcome 5, MT Action 2)	Some emergence of domestic parts suppliers in garments, footwear and bicycles	As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors	CDC, MEF, SNEC, Private Sector	CDC needs TA to implement Industrialization Policy
	An Industrial Development Policy was prepared by SNEC and adopted by CoM in March 2015. The Policy is a broad framework rather than a specific set of Actions. CDC has been delegated the responsibility of operationalizing and implementing the policy. CDC has limited capacity and will need support if the policy is to become effective.			
<b>Indicative Action 2:</b> Clusters of suppliers (i.e. tannery, rubber processors) and assemblers are developed in Cambodia so that the Cambodian footwear industry produces more of the final footwear product, in particular for contract manufacturers	The ratio of footwear related export- to-import was 16 in 2011 (Trademap data.) Imports include footwear components and leather	The ratio of footwear related export-to-import increases to 25 by 2018 (Trade-map data)	Private Sector, MoC, GMAC, MoIH	TA not needed
	NA			

<b>Indicative Action 3:</b> Investment incentives specifically targeting the footwear industry in Cambodia are monitored, extended and improved	Foreign direct investment in the footwear sector in Cambodia in 2012 totaled \$137 million	Investment in the footwear sector in Cambodia doubles between 2014 and 2018	MoC, MoIH	TA not needed
	New garment and footwear investment projects approved in 2014 amounted to \$452 million of fixed assets (ILO 2015).			
<b>Indicative Action 4:</b> Increase the availability of finance to support the development of contract manufacturers and support quality and capacity improvements	Cambodia had 47 footwear factories in 2012, and no contract manufacturers	The number of footwear factories in Cambodia increases by 25 percent including a number of contract manufacturers, between 2014 and 2018	Private Sector, MoC, GMAC, MoIH	TA not needed
	68 footwear factories effectively operating in Cambodia at the end of the first quarter 2015 (ILO 2015).			
<b>Indicative Action 5:</b> Vocational training targeting the footwear industry is developed in cooperation between the Government, GMAC, FOCC and footwear companies to support the promotion of Cambodian workers to management and mid-management positions	The percentage of foreign employees in the staff of footwear factories was 19% in 2011 (GMAC)	The number of foreign employees in the staff of footwear factories decreases to 10% by 2018	Private Sector, MoC, GMAC, MoIH	TA needed for TVET
	Shortage of skilled Cambodians at mid and high level continues. TVET needed in Footwear and other sectors.			
<b>Outcome 9: SEZs Operations and Light Manufacturing Assembly</b>				

<p><b>Outcome 9A: SEZs</b></p> <p>Cambodia's SEZs improve their competitiveness and attract more manufacturing investment to become nodes in regional production networks</p>	<p>2012 contribution of manufacturing to GDP (exclusive of garment and footwear) approximately 5%</p>	<p>The contribution of manufacturing to GDP (exclusive of garment and footwear) increases to 7% by 2018</p>	<p>Private Sector, CDC, MoIH, MoC</p>	<p>n.a.</p>
	<p>NA</p>			
	<p>69 light manufacturing operators in Cambodian SEZs in 2012</p>	<p>140 light manufacturing companies operators in Cambodian SEZs in 2018</p>	<p>Private Sector, CDC, MoC</p>	<p>n.a.</p>
	<p>Japanese investment slowed in the last year due to the steep depreciation of the Japanese currency</p>			
	<p>8 SEZs with active investors in 2012</p>	<p>The number of SEZs with active investors doubles to 16 by 2018</p>	<p>Private Sector, CDC, MoC</p>	<p>n.a.</p>
<p>35 SEZs as of early 2015, but only 12 SEZs are active and only 5 active ones are sizeable</p>				
<p><b>Short-Term Actions: 2014-2016</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Requirements governing the movement of goods from SEZ factories to sub-contractors outside the SEZ (e.g. wash garments or paint bikes) and back to the SEZ contractor are clarified, streamlined and implemented consistently</p>	<p>It currently takes 2 days for a company to prepare documents and obtain clearance to move goods outside the Manhattan SEZs for treatment by sub-contractors (data from <i>CTIS 2014-2018</i> field survey)</p>	<p>All factories in SEZs can engage sub-contractors outside their zone and can freely move goods back and forth between them and their sub-contractors as required</p>	<p>CDC, GDCE, MoC, MoIH</p>	<p>TA not needed</p>
	<p>The survey will need to be repeated at the end of 2016</p>			
	<p>Most Government officials posted in the One-Stop Service Shop located in SEZs do not receive specific training. Quality of service is uneven.</p>	<p>All Government officials posted in One-Stop Service Shops located in SEZs have received specific training. Quality of service to investors has improved (data to be collected through short survey)</p>	<p>CDC, GDCE, MoC, MoIH and other border control Line Ministries</p>	<p>TA may be needed for training</p>
	<p>Each active SEZ has a one-stop service shop. CDC is responsible party. Officials in the one-stop service shop come from Customs, Camcontrol, and MOLVT. SEZ managers complain that laws in Cambodia are not very clear. E.g. whether intermediate/raw materials from factory to another should be subject to VAT or not is interpreted differently. Practice tends to differ from the law. Different officials have different understandings. Officials should be better trained about laws and regulations. Officials still asks for informal fees.</p>			

<b>Indicative Action 2:</b> Finalize and promulgate Law on SEZs (same as Outcome 1, ST Action 4)	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM,	TA needed
	No progress. For now, SEZs operate under an Anukret.			
<b>Indicative Action 3:</b> Finalize and promulgate revised Investment Law (same as Outcome 1, ST Action 5)	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM	IFC survey
	No progress. Conflicting views. CDC would like a law providing incentives to every investor. IMF, IFC, WB pushing for performance-based incentives. IFC conducting survey of 120 investors to provide inputs. Findings expected in May.			
<b>Indicative Action 4:</b> Training of Cambodian workers in Thailand, Vietnam, China and Japan is supported to facilitate technology transfer	1% of employees in SEZ received training abroad in 2012	5% of employees in SEZ have received training abroad by 2016	Private Sector, CDC, MoIH, MoC, MoLVT, MoEYS	No TA needed
	Scores of employees in SEZs are sent to train in China and Vietnam. Hundreds of employees in PPSEZ have been sent to train in Thailand for three months, especially by Mnebea.			
<b>Indicative Action 5:</b> The reliability of electricity supply inside SEZs is improved to support the automation of production processes	Companies in Manhattan SEZ face 40-50 power interruptions a week on average	Companies in the four major SEZs do not face any power interruption	SEZs, CDC, Electricité du Cambodge	Additional financing to fix power grid is required
	Power interruptions still happen about 20-30 times a day at Manhattan SEZ. It is expected power grid from Phnom Penh will reach there by the end of 2016. Chinese SEZ in Sihanoukville also has power cuts, but less frequent (approximately twice a week) without advance notice. It seems that lightning and storms are the main cause. Power cuts are not a big problem at PPSEZ but price should be reduced to \$0.16/kwh to attract more investors.			
<b>Indicative Action 6:</b> Vocational training centers in place in SEZs to support increase in number of trained Cambodian tech personnel for SEZ sector (same as See Outcome 17 ST Action 2)	No training facilities in SEZs to assist investors in building a skilled labor force	All SEZs have training facilities (PPP or otherwise) with curriculums that meet ASEAN standards	SEZs, Private Sector associations, NEA, MoLVT	TA may be needed
	Chinese SEZ in SHV has a training center for language and will have a technical training center built by the Chinese government at the end of 2015. Technical training is expected to start in early 2016. Manhattan SEZ has been in talk with MOEYS to establish a training centre as part of its master plan.			

<p><b>Indicative Action 7:</b></p> <p>Reopen rail connection between Phnom Penh and Poipet to compete with road transport (same as Outcome 3, ST Action 7)</p>	<p>Rebuilding or renovation of rail link yet to be completed</p>	<p>Some scheduled freight service by rail between Sisophon and Phnom Penh has commenced by 2016</p>	<p>MoPWT</p>	<p>Additional financing required for completing work. ADB has submitted loan proposal. China might be willing to provide loan as well. Australia has pulled out.</p>
	<p>Bridge to Thailand will be completed in 2 months. Line from PNH to Poipet is pending clearance for additional funds from ADB. A gap of 6 kms between Battambang and the border remains (jostling among Ministries about terminus of the cross-border line.) Cambodia is pushing for new border crossing point to be established south of Poipet, but railway on Thai side is stuck at Poipet center. Moving south will entail agreement with Thailand on where the cross-border line will link.</p>			
<p><b>Indicative Action 8:</b></p> <p>Develop rail link between Phnom Penh and VIETNAM border (same as Outcome 3, ST Action 8)</p>	<p>No rail link</p>	<p>Plan to expand rail link from Phnom Penh to VIETNAM border finalized and financing secured</p>	<p>MoPWT, MEF</p>	<p>Financing will be required</p>
	<p>No progress. Some Chinese investors propose linking Battambang to SR, then to VN border.</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Access, cost and reliability of electricity in SEZ improves</p>	<p>2011 electricity price from Electricité du Cambodge is \$0.23 per Kwh and can reach around \$0.40 per Kwh or more when self-generated</p>	<p>Electricity price falls by 1/3 in SEZs, down to \$0.16 per Kwh for Electricité du Cambodge by 2018</p>	<p>SEZs, CDC, EDC</p>	<p>Investment financing in power supply and distribution required</p>
	<p>No progress</p>			
<p><b>Indicative Action 2:</b></p> <p>TVET and other educational programs, in part linked to SEZ, established to improve workers skills and supply of new technical and engineering personnel</p>	<p>Cambodian managers and supervisors in firms located in SEZs represent 1% of the firms' total workforce in 2013 (CTIS 2014-2018 - SEZ field survey)</p>	<p>The percentage of Cambodian managers and mid-level managers in firms located in SEZs has risen to 10% by 2018</p>	<p>MoLVT, MoEYS, Private Sector, SEZs</p>	<p>TA needed for TVET</p>
	<p>In SHV SEZ, there are only one or two Cambodian managers of factories. About 10% of the 10,000 Cambodian employees are supervisors. In PPSEZ the process of training locals to become supervisors and mid level managers is taking place but takes time. New survey needed.</p>			

<b>Indicative Action 3:</b> Engineering curriculums strengthened in Universities (same as Outcome 17, MT Action 4)	The number of engineering graduates in Cambodia in 2008 was 514 (World Bank survey)	The number of Cambodian engineer graduates triples from 2008	MoLVT, MoEYS, MoIH, Private Sector	TA needed
	Statistics will need to be checked at the end of 2016			
<b>Indicative Action 4:</b> Improve road between Phnom Penh and Sihanoukville (same as Outcome 3, MT Action 7)	Large sections of the highway remain two lanes	Four lane highway between Phnom Penh and Sihanoukville completed	MoPWT, MEF	Financing will be required
	No progress. MoPWT has announced a new highway will be built PNH-SHV			
<b>Indicative Action 5:</b> Upgrade highways conditions between Thai and Vietnamese borders (same as Outcome 3, MT Action 8)	Average road transport of 20' container between the two borders is 15 hours in 2013	Average road transport of 20' container between the two borders lowered to 13 hours in 2018 as a result of road improvements	MoPWT, MEF	JICA
	No progress. A study underwritten by JICA for a future PPP Expressway to HCMC from PNH has been announced.			
<b>Outcome 9B: Light Manufacturing Assembly</b>  Cambodia emerges as a node in regional production networks	In 2012, the contribution of manufacturing to GDP (exclusive of garment and footwear) was approximately 5%	The contribution of manufacturing to GDP (exclusive of garment and footwear) increases to 7%	Private Sector, CDC, MoIH, MoC	n.a.
	NA			
	In 2012, Cambodia exported \$376 million worth of light manufacturing exports (excluding garment and footwear)	Light manufacturing exports from Cambodia triple to \$1 billion by 2018	Private Sector, CDC, MoIH, MoC	n.a.
	NA			
<b>Short-Term Actions: 2014-2016</b>				

<p><b>Indicative Action 1:</b></p> <p>Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically (same as Outcome 5, ST Action 7)</p>	<p>The Anukret implementing the Investment Law provides for duty-free import of materials needed by “supporting industries” in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis</p>	<p>Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors</p>	<p>MEF</p>	<p>TA not needed</p>
No progress except for Rice (see below.)				
<p><b>Indicative Action 2:</b></p> <p>Further improvements in the efficiency and timeliness of Cambodia's export services. (same as Outcome 2, ST Action 2)</p>	<p>Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013</p>	<p>Certificates of Origin can be applied for and processed online by 2015</p>	<p>MoC</p>	<p>TDSP</p>
Beta version launched in March 2015. Bandwidth issues indicated by external applicants. E-payments and e-signature issues still to be worked out. EU does not accept e-signature and may shift to a self certifying CO system. Exporters would have to register for CO for first shipment (using paper forms instead of e-forms) and would be allowed to self certify thereafter (no need for signature.) More on this below				
<p><b>Indicative Action 3:</b></p> <p>The procurement-to-delivery time in SEZs improves to enable Cambodia's integration in supply chains</p>	<p>Average 2012 procurement-to-delivery time is between 3 and 4 months for electronic orders (Survey of Sihanoukville and Manhattan SEZs)</p>	<p>Procurement-to-delivery time in 2016 in all SEZs is on par with Thailand and Malaysia (3 months)</p>	<p>GDCE, MoC, MoIH, GDCE, Ports, Airports, MoPWT</p>	<p>TA needed. See Trade Logistics Outcome 3.</p>
New survey needed				
<b>Medium-Term Action: 2016-2018</b>				

<p><b>Indicative Action 1:</b></p> <p>Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers (same as Outcome 5, MT Action 2)</p>	<p>Some emergence of domestic parts suppliers in garments, footwear and bicycles</p>	<p>As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors</p>	<p>CDC, MEF, SNEC, Private Sector</p>	<p>CDC needs TA</p>
	<p>An Industrial Development Policy was prepared by SNEC and adopted by CoM in March 2015. The Policy is a broad framework rather than a specific set of Actions. CDC has been delegated the responsibility of operationalizing and implementing the policy. CDC has limited capacity and will need support if the policy is to become effective.</p>			
<p><b>Indicative Action 2:</b></p> <p>Clusters of suppliers and assemblers are promoted so that Cambodia can mature from part assembler to producing final products</p>	<p>The electronic and electric component export-to-import ratio in 2012 was 0.02 (TradeMap data)</p>	<p>The electronic and electric component export-to-import ratio in 2018 rises to 0.1</p>	<p>Private Sector, CDC, MoC, MoIH</p>	<p>TA needed</p>
	<p>NA</p>			
	<p>The bicycle and parts export-to-import ratio in 2012 was 1.11 (TradeMap data)</p>	<p>The bicycle and parts export-to-import ratio in 2018 rises to 5</p>	<p>Private Sector, CDC, MoC, MoIH</p>	<p>TA needed</p>
<p>NA</p>				
<p><b>Indicative Action 3:</b></p> <p>Cambodia's bike sector continues to grow rapidly</p>	<p>The value of Cambodian bike exports was \$109 million in 2011 and \$291 million in 2012</p>	<p>The value of Cambodian bike exports triples from 2012 by 2018</p>	<p>Private Sector, CDC, MoC, MoIH</p>	<p>TA not needed</p>
	<p>NA</p>			
<p><b>Outcome 10: Processed Food</b></p>				
<p><b>Outcome 10: Processed Food</b></p> <p>Cambodia continues to grow and diversify its processed food sector through new export markets, moving to higher value products, and expanding domestic inputs</p>	<p>In 2011 the processed food, beverage, and tobacco industries accounted for 2.3 % of GDP. Exports were estimated at \$71.5 million (NIS and Comtrade)</p>	<p>In 2018 the processed food, beverage and tobacco industry accounts for 4% of GDP. Exports reach \$200 million or more by 2018</p>	<p>Private Sector, MAFF, MoIH, MoH, MoC</p>	
	<p>Too early to measure</p>			

<b>Short-Term Actions: 2014-2016</b>				
<b>Indicative Action 1:</b> National policy promoting agro-processing development in Cambodia	Donors have worked in the past with MoIH on development of an Agro-Industry Development Strategic Plan (AIDSP)	A national policy is established, implemented, and reviewed annually by 2016	SNEC, MoIH, Private Sector, MAFF, MoC	FAO support to draft AIDSP
	No progress on AIDSP. Agro-processing is one focus sector in Industrialization Policy adopted in March 2015. MoC attempting to provide some leadership on Halal food. Rice Policy in place. Strategic framework for fisheries. Government lacks structured approach for the sector. (1) Awareness raising among potential exporters is needed, including conditions of market access to key markets (tariff preferences under EBA and other GPS, standards); (2) better surveillance for diseases and pest at field level; (3) availability of testing facilities that can provide certificate of conformity that are internationally recognized; etc.			
<b>Indicative Action 2:</b> Improved collaboration between government and Private Sectors on processed food sector development	No recognized industry association exists in 2012. A Working Group on Agriculture & Agro-Industry does convene under the Government-Private Sector Forum	National processed food industry association established in 2016 representing medium and large processors with export potential	Private Sector, MAFF, MoIH, MoC	Need TA support
	There is no private sector association for the Agro-processing sector. There is an association for Rice and also a Cambodian Organic Association which is reasonably well organized			
<b>Indicative Action 3:</b> A national brand/logo established for processed food industry and used to promote 'Made in Cambodia' on international markets and trade fairs	No national branding exists for local processed food and beverage sector	A national "Made in Cambodia" brand and logo is in use on exported processed food and beverage products by 2016	Private Sector, MoIH, MoC	Need TA support
	No progress.			
<b>Medium-Term Action: 2016-2018</b>				
<b>Indicative Action 1:</b> Policy and regulatory environment favorable to Private Sector investment in Cambodia's food processing industry	56 large processing factories registered in 2011: Food = 30 Factories Beverage = 15 Factories Tobacco = 11 Factories (MoIH)	100 large processing factories registered in 2018 across the food, beverage and tobacco industry	Private Sector, MoIH, MoC	TA support to develop the sector
	Assessment to be made by MoIH at the end of 2018			

<p><b>Indicative Action 2:</b></p> <p>Further Private Sector investment in the processed food sector encouraged, with a strong interest from foreign investors</p>	<p>Approved investment projects with total fixed assets of \$ 74.7 million between 2000 and June 2010 (CDC)</p>	<p>Approved investment in food processing sector reaches \$100 million between 2014-2018</p>	<p>Private Sector, MoIH, MoC, CDC</p>	<p>TA support to develop the sector</p>	
	NA				
	<p>Of total investment, \$21.5 million (or 28.7%) was FDI</p>	<p>FDI accounts for 50% of total fixed assets in food processing sector over 2014-2018</p>	<p>Private Sector, MoIH, MoC, CDC</p>		
NA					
<p><b>Indicative Action 3:</b></p> <p>Safety among food processing exporting facilities enhanced by increased adoption of GMP and HACCP certification (same as Outcome 4, MT Action 11)</p>	<p>7 large food processing facilities have been certified recently under HACCP, GMP, ISO 22000 or FSSC 22000 standards</p>	<p>Another 20 large food processing facilities are certified against international standards by 2018</p>	<p>Private Sector, MoIH, MoH</p>	<p>(1)TUV Rheinland (2) Turkey to help with Halal standards (3) more TA needed</p>	
	<p>MoC is discussing assistance from Turkey to develop Halal standards and Halal certification of processing facilities.</p>				
<p><b>Outcome 11: Fisheries Products</b></p>					
<p><b>Outcome 11: Fisheries Products</b></p> <p>A sustainable fisheries sector sees Cambodian exports increase as a result of improved quality, growing production volumes, and strengthened access to markets</p>	<p>21,000 MT of recorded fish exports in 2012.</p>	<p>100,000 MT of recorded fish exports in 2018.</p>	<p>Private Sector, MAFF/ FiA, MoIH</p>		
	<p>Informal exports are very large. About 100,000 MT or more for inland fish (perhaps as much as 25% of inland production); unknown amount for coastal and deep sea. Coastal and deep sea mostly from Thai, VN and other foreign trawlers fishing in Cambodian waters. A lot of deep sea is IUU (Illegal, Unrecorded, Unregulated) and in violation of international agreements signed by those countries. Inland mostly VN traders buying trash fish to feed aquaculture in VN (tilapia, catfish, etc). Sector estimated at \$2 billion annual. FiA is updating 10-year strategic framework with 4 pillars: (1) capture inland fisheries (Govt target is to organize 600 community fishery organizations); (2) develop inland and marine aquaculture (big Norway investment in the coast to develop aquaculture with an ELC; also some Danish interest; some small mostly in rice field; some informal inland in Tonle Sap and interest from Korean investors but current legislation forbids Tonle Sap aquaculture; Japanese to finance most of the hard operating costs of research and development center for next 3 years); (3) develop fish value chain; (4) Strengthen regulatory framework. Govt has strategy for pillars 1 and 2; lacks strategy for pillar 3. It appears that pillar 1 strategy was built previously on a concept of food security assuming that Cambodia should provide for all the fish it consumes. That strategy did not factor in the role of trade. In effect, today, Cambodia exports large amount informally and imports significant quantities for domestic consumption (pangasius, tilapia, catfish, others) . It is estimated that most of the fish consumed in PP is imported from VN.</p>				
<p><b>Short-Term Actions: 2014-2016</b></p>					

<p><b>Indicative Action 1:</b> A coordinated and export-oriented value chain</p>	<p>Product-specific processor associations exist in three coastal provinces. "Community Fisheries" organizations participate in co-management of inland water resources. No single national association exists</p>	<p>National fisheries association established by 2015 to drive Private Sector collaboration, investment, and export-oriented industry reform</p>	<p>Private Sector, MoC, MAFF/ FiA, MoIH</p>	<p>(1) CEDEP II for marine. (2) EU and USAID for Inland community fisheries (3) additional TA may be needed to introduce and promote quality seal</p>
	<p>Sector remains weakly structured. For marine fisheries, CEDEP II is trying to use the Young Entrepreneur Association to help structure coastal associations but this will take time. For inland fisheries, the first step is to organize community fisheries associations. The few large commercial operators (mostly coastal and deep sea) "go it alone." Sector planning to introduce a "quality seal"</p>			
<p><b>Indicative Action 2:</b> Increased understanding of and compliance with regulatory standards of key importing countries</p>	<p>No clear pathway exists to increase food safety or regulatory compliance with international standards</p>	<p>Trade facilitation and export guidelines published by 2015, including on introducing SPS and HACCP compliance as well as improving industry practice in the Cambodian fisheries sector</p>	<p>Private Sector, MoC, MAFF/ FiA, MoIH</p>	<p>TDSP support</p>
	<p>With TA from TDSP, FiA has been developing guidelines for a "Quality Seal" for producers/exporters to be used in compliance with bGMP and GHP and in line with EU standards. A Prakas is needed. There is a pool of local qualified testing organizations for GMP and GHP. None of them are internationally accredited but that is not important at this stage given the markets targeted for exports. There is some capacity in FiA for inspection of facilities but in short supply. In addition, most of available FiA staff is from testing lab and this is not conforming with international standards for inspection. Quality Seal will also require traceability.</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b> Implementation of SPS standards (HACCP or GMP) among marine fishery product processors increases resulting in improved export competitiveness (same as Outcome 4, ST Action 2)</p>	<p>1 marine fishery product processor HACCP/GMP certified in 2013</p>	<p>12 marine fishery product processors HACCP/GMP certified in 2018</p>	<p>Private Sector, MAFF/FiA</p>	<p>CEDEP II support/ UNIDO</p>
	<p>No real progress at individual facility level. See previous discussion</p>			

<b>Indicative Action 2:</b> FiA is upgraded, qualifies as "competent authority" for EU, and can support exports of fisheries products to EU (same as Outcome 4, MT Action 5)	Export of fisheries products to EU not yet possible. Public management of SPS for fisheries weak	FiA has been recognized as EU "competent authority" and can support Cambodian exporters targeting EU markets by 2018	MAFF/FiA	EU, TDSP support
	FiA is a competent authority and is able to issue Health Certificates for China, VN, and a few other countries within the region. FiA uses Pasteur Lab for inspection of facilities + microbiology tests for US, Japan, Korea. Cambodia still not allowed to export to EU. Work needed to continue improving safety in processing.			
<b>Indicative Action 3:</b> A sustainable approach to fisheries activities and industry management	General awareness of environmental degradation and reductions in high-value fish stocks. No action plans or environmental guidelines exist at individual firm level	Fisheries resource management regime established and implemented, environmental guidelines developed for fisheries processors and exporters	Private Sector, MoC, MAFF/ FiA, MoIH	(1) CEDEP II. (2) Other TA likely needed
	General lack of awareness about SPS and food safety among consumers and food processors and retailers in Fish and other food sectors. No action plan for environmental degradation. Growing problem associated with inappropriate use of chemical pesticides and fertilizers in crops with residues leaking into water and Tonle Sap, hence rising MRL in fresh water fish. Also, rice is being used as food for fish and contains residues. Also, growing levels of heavy metal residues.			
<b>Indicative Action 4:</b> Ensure that all exported fish products are exempt from paying VAT (same as Outcome 5, ST Action 7)	Government currently charges 10% VAT on exports	All exported fish products are exempt from paying VAT	MEF	CEDEP II
	No evidence of progress. Export requirements are burdensome: (1) company invoice; (2) certificate related to endangered species; (3) transport permits from FiA; (4) export license from MAFF; (5) export license from Customs; (6) 10 % tax payment of estimated value; (7) 0.1% Camcontrol duty tax.			
<b>Indicative Action 5:</b> Development of sustainable fisheries resources, especially in relation to aquaculture	Total aquaculture production (inland and marine) of 74,000 MT in 2012	Total aquaculture production (inland and marine) reaches 200,000 MT in 2018	Private Sector, MOC, MAFF/ FiA, MARDeC	JICA ongoing support to MARDeC
	See earlier. New Norway investment (coastal); Danish interest; Korean investors looking at investment in Tonle Sap aquaculture; some growth in rice paddy aquaculture.			

<p><b>Indicative Action 6:</b></p> <p>Recorded exports of fish products shipped to a diverse mix of countries, including countries with SPS requirements less rigorous than EU</p>	<p>Fish export to key regional markets are sporadic and inconsistent from year to year</p>	<p>Consistent formal (recorded) fish exports between \$5 to \$10 million to 5 key markets</p>	<p>Private Sector, MAFF/FiA</p>	<p>(1) CEDEP II (2) other TA likely to be needed</p>
	<p>There is broad agreement that Cambodia should position itself within regional value chains for fish. Getting into more demanding markets (EU, US, Japan, etc.) on a broad scale will likely take time. Aquaculture is likely to be the best way for Cambodia to expand into regional markets so export capacity will be linked to aquaculture production capacity.</p>			
<p><b>Outcome 12: Milled Rice</b></p>				
<p><b>Outcome 12: Milled Rice</b></p> <p>Cambodia achieves the 1 million MT target for export of milled rice set out under the RGC 2010 Rice Policy</p>	<p>Approximately 350,000MT of milled rice exported in 2013</p>	<p>More than 1 million MT of milled rice exported in 2018</p>	<p>Private Sector, MoC, MAFF, SNEC</p>	<p>Not applicable</p>
	<p>Exports in 2014 were approximately 380,000 MT. Unlikely to reach 1 million MT target set in Government Rice Policy by 2017. But very important lessons learned since start of exports including identification of Cambodia market niche (fragrant rice.) Cambodia should focus on "Value" rice (fragrant) not "Volume" rice (long grain.)</p>			
<p><b>Short-Term Actions: 2014-2016</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Rice farmer cooperatives established to facilitate technical exchanges, financing, extension services and stronger linkages with rice millers</p>	<p>Negligible amount of paddy delivered to millers under contract farming in 2013</p>	<p>50,000 MT of rice delivered to millers under contract farming by 2016.</p>	<p>Private Sector, MoC, MAFF</p>	<p>AFD rice support project with SNEC</p>
	<p>Small projects. 15 or 16 pilot projects under the SNEC/AFD project involving approximately 2000 MT with different associations. Transactions costs still higher than producing and selling on the open market for conventional rice. Works well for organic rice. A task force on regulatory issues and incentives for contract farming has been established.</p>			
<p><b>Indicative Action 2:</b></p> <p>Dry-season production improves through introduction of improved dry-season seeds, including high value fragrant seeds</p>	<p>CARDI has de-facto monopoly in seeds production</p>	<p>Allow Private Sector competition in seeds production</p>	<p>MAFF</p>	<p>Unclear</p>
	<p>CRF focusing on identifying a small group of fragrant rice seeds variety which is emerging as the market niche for rice exporters. CARDI is in charge of breeders seeds and foundation seeds. Private companies may apply for a license to produce registered breeders seeds but they would also like to do more by hiring experts to produce foundation seeds.</p>			

<p><b>Indicative Action 3:</b></p> <p>Effective dialogue between Government and rice sector is in place</p>	<p>Working Group #9 on Rice is organized under G-PSF. However, at least 3 fragmented exporter associations exist, impeding cooperation and public-private dialogue</p>	<p>A single national federation established by 2016 representing all exporters. Private Sector through federation is directly engaged in periodical review of rice policy with Government. G-PSF Working Group #9 is revitalized</p>	<p>Private Sector, MoC, MAFF, SNEC</p>	<p>(1) TA support from AFD/SNEC rice project and EIF CEDEP I/IFC.</p> <p>(2) additional TA needed to build capacity of CRF</p>
	<p>The competing rice millers/exporters associations have merged under pressure from MoC. A single Cambodia Rice Federation (CRF) exists. CRF is focusing on (1) formulating strategic approach (2) addressing real problems (3) being market driven. CRF is now co-chair of WG #9 under GPSF</p>			
<p><b>Indicative Action 4:</b></p> <p>National brand/logo established to market fragrant rice exports with branding linked to export standards</p>	<p>No national brand/logo exists for fragrant rice exports</p>	<p>Brand / logo adopted by all fragrant rice exporters by 2016. Guidelines published outlining criteria and required standards for millers to be entitled to logo use</p>	<p>Private Sector, MAFF, MoIH, MoC</p>	<p>(1) TA support from AFD/SNEC rice project</p> <p>(2) additional TA many be needed to build brand awareness and export promotion</p>
	<p>Target is to register a collective mark to support Cambodian fragrant rice (Jasmine? Other name still debated) by June 2015. Mark will cover several varieties within fragrance rice. A compliance process is being developed for brand users, including standards. Purpose of branding is brand positioning in export markets.</p>			
<p><b>Indicative Action 5:</b></p> <p>Capacity of rice millers to meet basic Hazard Analysis &amp; Critical Control Point (HACCP) or Good Manufacturing Practice (GMP) standards is developed through rice mills certification program (same as Outcome 4, ST Action 1)</p>	<p>No modern rice mills certified as of 2012 (one plant certified by ISC, but ISC is not internationally accredited as of yet so this certification has no export value)</p>	<p>10 Cambodia rice mills that are HACCP or GMP certified in 2016</p>	<p>Private Sector, MoIH, MAFF</p>	<p>TA support from EIF CEDEP I/IFC</p>
	<p>2 millers HACCP certified in 2014. 6 more by June 2015. 5 more by December 2015. Two millers also going for ISO certification</p>			

<p><b>Indicative Action 6:</b> Improved cross-border transport agreements (road and waterways) are negotiated with neighbors and regional organization for an integrated transport market including improved third-country transit arrangements and port access (same as Outcome 3, ST Action 2)</p>	<p>Existing agreements have only partial coverage and are not fully implemented</p>	<p>Cross-border agreements (bilateral and regional) are fully enacted and implemented, in cooperation with neighboring countries</p>	<p>MEF, MoC, MoPWT, MoFA, concerned Line Ministries and agencies</p>	<p>JICA funding in Sihanoukville. Chinese funding in PP port</p>
<p>No significant improvements. Most rice is exported via Sihanoukville. The port is only a spoke and need for transshipment in hubs (Singapore, Malaysia). Sihanoukville needs improved hauling facilities but modernization completed in 2017 earliest. For rice going to China, transport via PP port. PP Port has been improved with Chinese investment.</p>				
<p><b>Indicative Action 7:</b> Bilateral agreements or MoUs signed with key regional markets as well as other possible growth markets to provide more predictable access to the regional markets</p>	<p>No agreements with other countries in the region, except MoU Cambodia-China on SPS</p>	<p>MoUs with key regional markets Indonesia, Philippines and Malaysia to facilitate reliable rice trade by 2016. MoUs with trading partners in key growth regions, such as GCC states, CIS and West Africa to facilitate reliable trade by 2016</p>	<p>MAFF, MoC, MoFA</p>	<p>No TA needed</p>
<p>Mismatch in market: Cambodian export niche is fragrance rice. About 150,000 MT exported at present. But still export larger quantities of long grain where Cambodia not competitive with VN. Under MoU with China (August 2010), target is 100,000 MT exports to China in 2015. Cambodia has signed MoUs but not implementable. For instance, Malaysia, Philippines purchase rice through public tenders and Cambodia not price competitive with VN for long grain. Still approximately 50,000 MT to Malaysia in 2014. 200,000 MT to EU but under EBA Cambodia benefit from \$137 preference per MT compared to VN.</p>				
<p><b>Indicative Action 8:</b> Introduce price competition in fumigation</p>	<p>CCIC has de-facto monopoly in fumigation</p>	<p>CCIC de-facto monopoly has been removed</p>	<p>MAFF</p>	<p>Most likely need TA for certification of new fumigation organizations</p>
<p>In addition to CCIC, 3 more active fumigation companies. No influence on price but competition helping with service and quality. Need to get the new fumigation companies to be internationally certified to ensure certificate of compliance are accepted by everyone in foreign markets. MoC to negotiate with China the recognition of other fumigation companies for exports of rice to China.</p>				

<b>Indicative Action 9:</b> Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC	TDSP support to MoC
	CO automated processing launched end March 2015 by Minister of Commerce. Rice millers still to test how effective.			
<b>Indicative Action 10:</b> Cost of export procedures reduced	Current trade facilitation cost is \$11/MT	Cost of trade facilitation reduced by half	GDCE, MAFF, MoC, other border agencies	(1)TDSP support to Customs and other Agencies (MoC, MAFF) to automate and lower costs.  (2) Additional support likely needed going forward.
	Discussion ongoing with Government to look at the cost factors, including customs and taxes.			
<b>Indicative Action 11:</b> Rail link between Phnom Penh and Poipet renovated (same as Outcome 3, ST Action 7)	Renovation of rail link between Poipet and Phnom Penh under way	Renovation of rail between Sisophon and Phnom Penh completed. Scheduled rail freight service between Battambang and Phnom Penh operates by 2016 and offers alternative/ competing land transport for agricultural commodities like cassava and rice	MoPWT	ADB and AusAid
	Railroad upgrading project stuck. Rail connection from Battambang delayed.			
<b>Indicative Action 12:</b> Restrictions on daytime truck traffic through Phnom Penh have been eased	Ban of daytime truck traffic through Phnom Penh between 6.00am-9.00pm are deemed costly and excessive by rice millers	Restrictions have been eased by reducing ban to 6.00am-7.00pm and/ or establishing one or two daytime corridors for trucks	Phnom Penh Municipality, 2014	No TA needed
	Issue being discussed in WG#9. CRF asking for some kind of derogation to allow rice truck movements during the day.			

<p><b>Indicative Action 13:</b></p> <p>Rice millers can produce electricity using rice husk as biofuel</p>	<p>Rice millers can produce electricity cheaper than EDC using rice-husk biofuel. However, RoI is feasible only if generators run 24/7 and EDC buys back excess electricity production. At present, EDC does not buy back from small producers</p>	<p>Policy has been introduced for EDC to buy-back excess electricity produced by small producers</p>	<p>EDC, MEF, Private Sector</p>	<p>TA needed on policy and regulatory changes</p>
	<p>No change. In addition, if rice millers were to use rice husk generators, there is logistics problem to transport husk to mills. Opportunity complicated by the fact that most millers are working at under-capacity at the moment.</p>			
<p><b>Indicative Action 14:</b></p> <p>Ensure that all exported milled rice is exempt from paying VAT whether exported by rice millers or via third party exporters (same as Outcome 5, ST Action 7)</p>	<p>Government currently charges VAT on exports via third party exporters but not direct exports by rice millers</p>	<p>All exported milled rice is exempt from paying VAT</p>	<p>MEF</p>	<p>Completed</p>
	<p>Government issued new regulation in March 2014 (MEF Prakas). Problem solved.</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>Access to working capital by rice growers and rice millers improved</p>	<p>Investment in rice sector supported by establishment of risk share facility with local commercial bank, as well as targeted investments, including through microfinance institutions. Limited working capital financial products available</p>	<p>Short-term financial products using movable assets and inventories of rice paddy and milled rice as collaterals introduced by commercial banks to meet working capital needs of rice millers</p>	<p>Commercial Banks, MEF</p>	<p>(1) AFD/SNEC providing some support to RDB to develop credit to cooperatives and upgrade RDB so it can borrow on international markets.  (2) major TA to financial sector needed</p>
	<p>Unresolved. Current cost of micro loans is 3 or 4%/month so over 35% annual. Commercial banks still unable to deal with loans against movable assets or factoring.</p>			

<b>Indicative Action 2:</b> RGC's Rice Policy is implemented. Capacity of rice millers to export milled rice to new markets is developed	In 2011, 22 countries imported shipments of \$1 million or more from Cambodia	35 countries import more than \$2 million annual shipments of fragrant, non-fragrant or broken rice from Cambodia by 2018	Private Sector, MoC, MAFF	TA support from AFD/ SNEC rice project and EIF CEDEP / IFC
	Need for market diversification remains. Linked to development of export niche (fragrant). In 2013, Cambodia exported to 79 countries; in 2015, 56 countries. In 2014, 66% of exports went to the EU under preferential access.			
<b>Indicative Action 3:</b> RGC's Rice Policy is implemented. Rice millers expand capacity in modern mills	400,000MT annual modern milling capacity in 2012 (approximately 280 tons per hour)	Modern milling capacity in 2018 in MT nearly triples from 2012	Private Sector, MEF, Banking Sector, MoH	Private sector investment
	At present, over capacity due to underutilization of existing capacity and new mills are being built. The real issue for Cambodia is to shift from a focus on "volume" to a focus on "value". Value in foreign markets for Cambodian millers is fragrant rice. However, most production by farmers is long grain because it is more profitable to farmers who sell paddy to VN. So there is mismatch between what is profitable to millers and what is profitable to farmers. Also, rice millers are challenged by the lack of access to Working Capital from commercial banks. Also, in Ag commodity markets, profitability requires controlling a more extended value chain including processing and transformation.			
<b>Indicative Action 4:</b> Facilitate greater investment in paddy storage and drying facilities by establishing a credit scheme. Likewise, insufficient thresher capacity to meet needs of November-December	Credit is provided to investors on a piecemeal basis	A national credit scheme to facilitate investment financing in rice logistics, threshers, other investment is put in place by the RGC in strong cooperation with private Banks	MEF, MoC	China may provide \$300 million loan to build silos
	No real progress but some discussion between RGC and China to invest in storage silos.			
<b>Indicative Action 5:</b> Adoption of improved paddy cultivation practices, including dry-season production, resulting in increased productivity and larger supply for millers	Average paddy yield of 3.2 MT per hectare in 2011 (AFSIS.) Irrigated dry-season production accounted for 16% of total cultivated area in 2012 (MAFF+CARDI)	Average paddy yield of 4 MT per hectare in 2018. Irrigated dry-season production accounts for 35% of total cultivated area in 2018	Private Sector, MAFF, MARD	(1) USAID TA to MAFF on Extension Services Policy.  (2) Additional TA likely needed
	Significant improvements in irrigation due to TAs from various DPs (Australia, EU, Japan). Still lots of needs to train farmers in improved cultivation techniques. MAFF has just adopted an "Extension Service Policy" prepared with TA from USAID (Harvest Program) The challenge going forward is to implement the policy			

<b>Indicative Action 6:</b> Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF	(1) TDSP TA (2) Additional TA likely needed
	Early steps with TDSP TA			
<b>Indicative Action 7:</b> Extend Risk Management System to non-Customs agencies (same as Outcome 2, MT Action 4)	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies	TA needed
	More work needed			
<b>Outcome 13: Cassava</b>				
<b>Outcome 13: Cassava</b> Cambodia consolidates its exports of Cassava through direct exports to such countries as China and Republic of Korea and lessens its dependency on exports of unprocessed tubers to Thailand and Vietnam	68,000 MT of formal exports of dried cassava chips in 2011	Approximately 3 million MT of formal exports of dried cassava chips by 2018	Private Sector, MoC, MAFF	n.a.
	Approximately 1.5 million MT formal exports to Thailand and VN + over 110,000 MT formal exports to China as of 2014.			
	Cambodia seventh largest producer of cassava in Asia in 2011	Cambodia fifth largest producers of cassava in Asia (following Thailand, Indonesia, India, and China PRC) by 2018	Private Sector, MoC, MAFF	n.a.
	NA			
<b>Short-Term Actions: 2014-2016</b>				
<b>Indicative Action 1:</b> Modern crop management and harvesting and post-harvest practices implemented	Current cassava yields 22MT/ha at provincial level in 2011. (Source: AFSIS). 1 million farmers use IPM.	Yields 20% higher than baseline in 2016. IPM expanded to 3 million farmers	MAFF, CARDI, Private Sector	TA needed
	No change in yield as of 2013 (21.7MT/ha)			

<b>Indicative Action 2:</b> Strong industry cooperation across value-chain and dissemination of market information	No national sector association	Farmers Association(s) and a National Processor/ Exporter Association established by 2016	Private Sector, MoC, MAFF	(1) EIF-CEDEP II/ UNDP  (2) TA needed for future strengthening of associations
	Senior Minister MoC has identified the need for a Cassava Federation. Sector still very fragmented. CEDEP II/UNDP working on establishing regional cassava associations in a least 5 provinces.			
<b>Indicative Action 3:</b> Quantity and quality of supply to semi-processors and processors improved	Lack of ties between farmer cooperatives and semi-processors and processors	Cassava farmer cooperatives established to facilitate technical exchanges, financing, extension services, contract farming arrangements	MAFF, MoC, Private Sector	TA needed
	There are various developments to establish contract farming arrangements including by NGOs (SNV) in two provinces, private sector (C3- joint initiative of CHLAAT and IMIS an irrigation company includes over 2500 farmers in contract schemes in five provinces), and MAFF to organize contract farming arrangements in several crop including cassava for Thailand (meeting with Thai investors in Siem Reap in January 2015.) Problem with contract farming is fluctuations in price of crops. Law on Cooperatives has been adopted. Anukret on contract farming is in place.			
<b>Indicative Action 4:</b> RGC develops and implements a national policy for Cassava sector	No formal policy or institutional framework in 2012	Policy is established, implemented, and reviewed annually by 2016	SNEC, MAFF, MoIH, MoC, Private Sector	TA needed
	No discussion of a Government sector policy so far			
<b>Indicative Action 5:</b> Capacity of dried cassava processors to meet basic GMP-based standards developed through certification program (same as Outcome 4, ST Action 3)	No certification system in place	Certification system in place for processors that produce for demanding export markets in 2016	Private Sector, MoIH, MAFF	TA from China with MAFF implemented by UNDP
	MoU with China on export requirements for Cassava including presence of pest and heavy metals. There are no Cambodian standards for cassava. 68 companies are registered to export to China. Cambodia follows IPCC standard for dried chips (and another 30 or so IPCC standards for Ag commodities.) Cambodia needs standard for cassava starch.			

<p><b>Indicative Action 6:</b> Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, ST Action 2)</p>	<p>Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013</p>	<p>Certificates of Origin can be applied for and processed online by 2015</p>	<p>MoC</p>	<p>TDSP</p>
	<p>Beta version of website for automated CO application. More developed version expected by end 2015. See trade facilitation Outcome for additional information</p>			
<p><b>Indicative Action 7:</b> Rail link between Phnom Penh and Poipet renovated (same as Outcome 3, ST Action 7)</p>	<p>Rebuilding or renovation of rail link yet to be completed</p>	<p>Some scheduled freight service by rail between Sisophon and Phnom Penh has commenced by 2016</p>	<p>MoPWT</p>	<p>Additional financing required for completing work. ADB has submitted loan proposal. China might be willing to provide loan as well. Australia has pulled out.</p>
	<p>Bridge to Thailand will be completed in 2 months. Line from PNH to Poipet is pending clearance for additional funds from ADB. A gap of 6 kms between Battambang and the border remains (jostling among Ministries about terminus of the cross-border line.) Cambodia is pushing for new border crossing point to be established south of Poipet, but railway on Thai side is stuck at Poipet center. Moving south will entail agreement with Thailand on where the cross-border line will link.</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b> New investment, including FDI, supports increased semi-processing and processing capacity, higher export returns, and transfer of industry know-how</p>	<p>FDI investment in cassava sector during 2005-2012 was \$48 million, (2 percent of total FDI Approvals for Agro-Industry – Chapter 5)</p>	<p>Average annual rate of growth of 5–10 percent FDI investment in cassava sector during 2014-2018</p>	<p>Private Sector, CDC, MAFF, MoIH</p>	<p>TA not needed</p>
	<p>Do not know the answer</p>			
	<p>Total demand (or throughput) from local processors is 920,000MT of fresh root in 2010</p>	<p>Total demand (or throughput) from local processors is 4 million MT of fresh root in 2018. Half (or 2 million MT) is in full processing sector including flour, animal feed, ethanol, other</p>	<p>Private Sector, CDC, MAFF, MoIH</p>	<p>TA not needed</p>
	<p>In consultation with CARDI and GDA, a Japanese company has developed and is implementing a 3-year plan for contract farming with cassava farmers. If satisfied, the company plans to invest in an ethanol processing plant.</p>			

<b>Indicative Action 2:</b> Access to working capital for cassava processors improved (same as Outcome 12, MT Action 1)	Limited working capital financial products available for cassava growers and processors	Short-term financial products using movable assets and inventories of cassava as collaterals introduced by commercial banks to meet working capital needs of cassava sector	Commercial Banks, MEF	TA needed
	Unresolved. Current cost of micro loans is 3-to-4%/month so over 35% annual. Commercial banks still unable to deal with loans against movable assets or factoring.			
<b>Indicative Action 3:</b> Production of disease resistant new stems established in Cambodia	Nearly all new stems are imported informally from Vietnam or Thailand and is diseased	New stem reproduction for disease resistant plants established in Cambodia	MAFF, University of Battambang, Private Sector	TA needed to develop disease resistant plants + improvements in cultivation methods
	Serious issue with import of diseased stems. No significant improvements			
<b>Indicative Action 4:</b> Capacity of processors and exporters to market overseas is increased	\$2.3 million worth of recorded exports of processed cassava in 2011	\$150 million worth of recorded exports of processed cassava in 2018	Private Sector, MAFF, MoC	CEDEP II/ UNDP
	CEDEP II project works with 16 processors at present on exports and expects to expand its support to 40.			
<b>Indicative Action 5:</b> Bilateral MoUs with importing markets signed to ensure predictable market access for semi-processed cassava	One MoU for cassava chips signed between China and Cambodia	Several MoUs for semi-processed chips signed	MoFA, MAFF	No TA needed
	MoU only with China			
<b>Indicative Action 6:</b> Implementation of SPS standards increases among driers and processors	68,000MT of cassava chips exported to countries enforcing SPS standards in 2011 (Source: GDCE data)	1 million MT of cassava chips exported to countries enforcing SPS standards (as reflected in Cambodia's Customs data on recorded shipments to such country as China) in 2018	MAFF, Private Sector	CEDEP II/ UNDP
	MoU with China is helpful in building SPS awareness in sector. Some guidelines based on GAP introduced to meet Chinese requirements.			

<b>Indicative Action 7:</b> Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and Phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF	TDSP. Additional TA likely needed
	Initial bids for service supplier to develop website insufficient. Project is being rebid. MAFF expect Beta system in place in late 2015 or early 2016			
<b>Indicative Action 8:</b> Extend Risk Management System to non-Customs agencies (same as Outcome 2, MT Action 4)	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies	TA needed
	Border inspection agencies Camcontrol and MAFF still to implement			
<b>Outcome 14: Rubber</b>				
<b>Outcome 14: Rubber</b> Cambodia progresses towards becoming a key producer and exporter of rubber	54,520MT of rubber exported in 2012	Approximately 150,000MT of rubber exported in 2018	Private Sector, MoC, MAFF	n.a.
	The figures used by the General Directorate of Rubber (GDR) in NSDP are 59,917MT exported in 2012 and 380,000MT forecast exports in 2018. About five new rubber plantations have started harvesting resin but GDR does not know how much they get.			
<b>Short-Term Actions: 2014-2016</b>				
<b>Indicative Action 1:</b> Modern cultivation techniques adopted	Average yields per tapped hectare: 1,100kg in 2010	Average yields per tapped hectare: 1,250kg by 2016	Private Sector, MAFF, RRIC	TA may be needed
	GDR forecast average yield of 1,300kg per ha in 2016.			
<b>Indicative Action 2:</b> Strong industry cooperation through strong association to facilitate extension services and exchange of market information	No single national-level industry association exists that encompasses whole value chain	Single national producer / processor / exporter association established in 2016	Private Sector, MAFF, MoC, MolH	TA needed
	No efforts as of yet to establish a strong national association. A strong national association is very much needed for Cambodia and will require TA. The current association includes only the former 7state-owned plantations as members and is led by the former Chub Plantation. It represents Cambodia in ASEAN but its members are hardly involved. There are now 80 companies in the sector most of which are outside the current association.			

<b>Indicative Action 3:</b> Shortage of skilled tappers resolved	No formal means to address skill shortage	Industry-wide guidelines and training manual for best-practice in rubber tapping by 2016. Training program implemented	Private Sector, MAFF, RRIC	TA needed
	No industry-wide guidelines and training manual. GDR has a training program, financed by the government budget. The program trains about 160 farmers/tappers/trainers a year. It focuses on smallholders-- about 30,000 households. Skill shortage is a serious issue faced by medium sized farmers (owning a couple of hundreds hectares each.) Tappers are mobile and demand higher wages. Some even migrate to tap rubber in Thailand for 50% more pay.			
<b>Indicative Action 4:</b> Cambodia natural rubber value chain produces high-quality products for export markets	No system in place to monitor quality of exported natural rubber	System to register quantities of natural rubber by grade and price in place and implemented by 2016	Private Sector, MAFF, MoC, RRIC	TA likely needed
	GDR has a system but not fully implemented. The lack of a sector association does not help.			
<b>Indicative Action 5:</b> Sector policy to support development of the sector	Sector targets but no comprehensive sector policy	Sector policy has been set up by 2016 with strong focus on supporting the development a CLV rubber triangle	SNEC, MAFF, MoC, Private Sector	TA likely needed
	GDR has been preparing a Law on Rubber. A few consultation workshops have been held. GDR is preparing a draft for submission to the permanent committee of MAFF. No time targets have been set. The preparation of the Sector Policy is not yet started. It is viewed as important as well.			
<b>Indicative Action 6:</b> Export tax on rubber reformed to encourage domestic value added	Current sliding -scale export tax encourages export of lower quality rubber with limited value added	Reform export tax to encourage high quality and domestic value addition	MEF, MAFF	TA not needed
	The current tax system is not good. The export tax is \$50 when the price is below \$2000/ton, \$150 when it is between \$2000/ton and \$3000/ton, \$250 when it between \$3000/ton and \$4000/ton and \$300 when it is over \$4000/ton. The process of reforming this tax has yet to start.			

<p><b>Indicative Action 7:</b></p> <p>CLV Development Triangle's focus on rubber sector proceeds as planned with formulation of Action Plan by the three countries</p>	<p>The 7<sup>th</sup> CLV Development Triangle Summit of Heads of State held in Vientiane March 12, 2013 requested preparation of action plan for development of the rubber sector in the Triangle</p>	<p>Action plan fully formulated for the 8<sup>th</sup> CLV Development Triangle Summit as requested during 7<sup>th</sup> Summit</p>	<p>MEF, MoC, MAFF, SNEC</p>	<p>TA may be needed</p>
	<p>The 8<sup>th</sup> CLV has been postponed indefinitely. An action plan has been drafted but the process is taken very cautiously by Cambodia in fear that Vietnam is taking too much of a lead for its own interest. Vietnam has taken a lead on this process and Cambodia does not feel adequately engaged.</p>			
<p><b>Indicative Action 8:</b></p> <p>Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, ST Action 2)</p>	<p>Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013</p>	<p>Certificates of Origin can be applied for and processed online by 2015</p>	<p>MoC</p>	<p>TDSP</p>
	<p>Beta version launched in March 2015. Bandwidth issues indicated by external applicants. E-payments and e-signature issues still to be worked out. EU does not accept e-signature and may shift to a self-certifying CO system. Exporters would have to register for CO for first shipment (using paper forms instead of e-forms) and would be allowed to self-certify thereafter (no need for signature.) More on this below. Rubber exporters complain that the current online registration creates an extra burden because MoC still requires a hard copy. The final CO issued often includes typo mistakes and the exporter is required to pay extra cost for extra time to get it corrected.</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>RGC strengthens and implements its policy targets for natural rubber production.</p>	<p>Approximately 55,000ha planted and harvested. An additional 225,000 ha planted but not harvested in 2012. 64,524MT produced and 54,520MT exported in 2012</p>	<p>200,000ha planted and harvested, more than 200,000MT produced, and 150,000MT exported in 2018. (Government targets for 2020: 300,000ha harvested and a total of 400,000ha planted)</p>	<p>Private Sector, MAFF</p>	<p>TA not needed</p>
	<p>GDR targets for 2020 are 300,000ha harvested and a total of 400,000ha planted and exports of 380,000MT</p>			
<p><b>Indicative Action 2:</b></p> <p>Cambodia diversifies its export markets for natural rubber. Export marketing capacity of producers is strengthened</p>	<p>Vietnam accounts for 58% of total recorded Cambodian exports of rubber products (HS 40) in 2011 (TradeMap)</p>	<p>Reduced reliance on Vietnam as export market (to less than 30% of rubber trade) by 2018.</p>	<p>Private Sector, MoC, MAFF, RRIC</p>	<p>TA needed</p>
	<p>The bulk of exports is still purchased by Vietnam. Little diversification so far.</p>			

<b>Indicative Action 3:</b> Domestic processing sector re-aligned with dynamics of global rubber trade	Most formal exports in low value natural rubber (HS 4001). Small tire manufacturing sector emerging (HS 4011).  Tire Exports = 106 MT in 2011 (TradeMap)	Significant expansion of tire manufacturing industry. Tire Exports = 10,000MT by 2018	Private Sector, MAFF, MoIH, RRIC	TA not needed
	No progress.			
<b>Indicative Action 4:</b> Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF	
	SPS certificate is not too important for rubber. Only one time registration with the SPS department is required.			
<b>Indicative Action 5:</b> Extend Risk Management System to non-Customs agencies (same as Outcome 2, MT Action 4)	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies	TA needed
	More work needed to fully implement Risk Management approach at Camcontrol and MAFF			
<b>Outcome 15: Tourism</b>				
<b>Outcome 15: Tourism</b>  Cambodia progresses towards RGC's 2020 target set for Tourism: 8 million foreign visitors	3 million foreign visitors in 2012	6 million foreign visitors in 2018	Private Sector, MoT	n.a.
	4.5 million International tourist arrivals in 2014 (MoT Tourism Statistics Report, March 2015).  Private sector in Hospitality is getting much better organized. An umbrella Cambodia Tourism Federation has been established. Associations are trying to develop a clear agenda of issues they can present in GPSF Tourism Working Group. <u>Associations need capacity strengthening</u> . Until now WG weak due to failure of private sector to use it to lobby Government with strong voice. MoT has very weak capacity to implement sector strategy.			
<b>Short-Term Actions: 2014-2016</b>				

<p><b>Indicative Action 1:</b></p> <p>TVET programs that meet international standards and ASEAN Minimum Competency Standards for Tourism are established and running for the hospitality sector (same as Outcome 17, ST Action 3)</p>	<p>No culinary TVET program that meets international standards and ASEAN Minimum Competency Standards</p>	<p>Royal Academy of Culinary Arts (RACA) fully established as PPP. First full class (2 year curriculum) graduates with internationally recognized diplomas by 2016</p>	<p>MoT, Hotel, Restaurant and Chefs Associations</p>	<p>Sida, business philanthropist, EIF CEDEP II support</p>
	<p>Project approved on May 13, 2015. Project launched planned for early June.</p>			
	<p>No hospitality management and services TVET program that meet international standards and ASEAN Minimum Competency Standards for Tourism</p>	<p>TVET program focusing on hospitality management and services fully established as PPP by 2016. Graduates to receive diplomas that meet international standards and ASEAN Minimum Competency Standards for Tourism</p>	<p>MoT, Private Sector (Hospitality)</p>	<p>AFD</p>
<p>Lack of skill labor is a major challenge to the development of the sector. There seems to be little progress with implementation of the TVET school proposed by AFD. RGC seems very slow in responding to needs. In addition, the industry needs better data on skill gaps and skill needs in order to plan and provide relevant training.</p>				
<p><b>Indicative Action 2:</b></p> <p>Improved and more diverse tourism product offerings</p>	<p>Average length of stay is 6.30 days per visit in 2012 (Marked by slight decline in recent years)</p>	<p>Average stay of 7 days or more per visit by 2016</p>	<p>Private Sector, MoT</p>	<p>TA needed</p>
	<p>Average length of stay of 6.75 and 6.5 days per in 2013 and 2014, respectively. (MoT Tourism Statistics Report, March 2015). While annual number of tourists is growing, spending appears to be going down. Associations indicate that in 2014 growth in number was 16% in Siem Reap but restaurant revenues were down. Associations indicate that RGC/MoT lack clear strategy and/or ability to implement clear strategy. Except for growth in number of low spending tourists from China, Korea and Vietnam, Government seems unable to provide investors with some coherent forecast as to which tourists Government is seeking to attract. Accordingly, it is difficult for private sector to identify the kind of products (hotels, restaurants, etc) in which it should invest</p>			
<p><b>Indicative Action 3:</b></p> <p>Attract high-spending international arrivals in the MICE sub-sector</p>	<p>Business visits account for 5% of total international arrivals</p>	<p>Business visits account for 20% of total international arrivals by 2016</p>	<p>Private Sector, MoT</p>	<p>TA needed</p>
	<p>Business visits accounted for 4.4% of total tourist arrivals in 2013. No progress.</p>			

<b>Indicative Action 4:</b> Traffic congestion in Phnom Penh and Siem Reap has been reduced	Worsening traffic congestion in Phnom Penh and Siem Reap are deterrent to developing MICE sub-sector. No urban transport development strategy adopted	Phnom Penh and Siem Reap municipalities have taken serious steps to reduce car traffic congestion in the two cities. Urban transport development strategies adopted for PP and Siem Reap municipalities to reduce traffic congestion	Municipalities, MoPWT	No TA needed
	Associations note the lack of a coherent effort by Government to keep streets clean and safe (there has been a rise in street crime.) Also, in PP street sidewalks have become near unusable as they are taken over by cars and bikes parking and projects to broaden streets and boulevards at the expense of sidewalks. But, tourists don't have cars and like to walk. No public transportation strategy: tuk tuks are not licensed; tourist buses are in bad shape and subject to frequent breakdowns (lack of mandatory inspection and maintenance), traffic in PP and Siem Reap is very bad. JICA is improving more than 100 stop lights in Phnom Penh.			
<b>Indicative Action 5:</b> Level-playing field competition enforced in the hospitality sector	Labor laws and other regulations pertaining to the hospitality sector are not enforced consistently throughout the sector, putting establishments that follow laws and regulations at a competitive disadvantage with those that do not	Labor laws and other regulations pertaining to the hospitality sector are enforced consistently to create level-playing field competition	MoLVT, MoT	No TA needed
	Some labor restrictions such as hours opening of restaurants and bars need to be reviewed to accommodate demand from tourists.			
<b>Indicative Action 6:</b> Scheduled air service between Phnom Penh and Sihanoukville established	There is no scheduled air service between Phnom Penh and Sihanoukville, only charter flights	Scheduled air service between Phnom Penh and Sihanoukville established	Private Sector, MoPWT	No TA needed
	No scheduled air services between Phnom Penh and Sihanoukville.			
<b>Medium-Term Action: 2016-2018</b>				

<b>Indicative Action 1:</b> The national <i>Tourism Development Strategic Plan 2012-2020</i> is implemented	37,522 rooms in hotel and guest houses in 2009 (MoT statistics)	Number of rooms in hotel and guest houses increases to approximately 90,000 by 2018	Private Sector, MoT, MoIH, MoH	Most likely TA needed	
	Check statistics in 2018				
	25,658 rooms outside Siem Reap in 2009 (MoT statistics)	Number of rooms in hotel and guest houses outside Siem Reap increases approximately to 70,000 by 2018	Private Sector, MoT, MoIH, MoH		
Checks statistics in 2018					
<b>Indicative Action 2:</b> Increase the number of airlines and frequency of international flights	17 foreign airlines servicing Cambodia's international airports in 2009	20 or more foreign airlines servicing Cambodia's international airports by 2018 including direct services from Japan, Indonesia, the Philippines and India. Sihanoukville airport (KOS) receives daily international flights by 2018	Private Sector, MoT, CCA, MoPWT, MoFA	No TA needed	
	21 foreign airlines service PP airport in 2015 (Source: PP airport)				
<b>Indicative Action 3:</b> Dependency of Cambodia on international visitors originating from a very small number of countries is reduced	Top 4 countries provide nearly 50% of all visitor in 2011	Through proactive promotion intervention, the share of visitors from the top 4 countries is reduced to 35%	MoT, Private Sector	Most likely TA needed	
	Top 4 countries provide 51% of international tourist arrivals in 2013.				

<p><b>Indicative Action 4:</b></p> <p>SPS standards in kitchen in hotel and restaurant improve through enhanced training of existing and new kitchen staff (same as Outcome 4, MT Action 7)</p>	<p>Index from baseline survey of SPS standards in hotel and restaurant kitchen to be conducted by the Royal Academy of Culinary Arts under CEDEP-II. Also to use info from voluntary Good Health Practice (GHP) rating introduced by MoH</p>	<p>Repeat baseline survey (CEDEP II) by 2016-17</p>	<p>Private Sector, MoH, RACA, MoT</p>	<p>Sida, business philanthropist, EIF CEDEP II support</p>
	<p>No survey as of yet as project not yet in place</p>			
	<p>Restaurant rating system being prepared. No restaurants have passed GHP/GMP audit. Low hygiene standards in sector</p>	<p>A rating system is in place. 200 restaurants have passed GHP/GMP audits by 2018</p>	<p>Private Sector, MoH, MoT</p>	<p>ADB TA</p>
	<p>MoH has begun implementing a restaurant rating system based on food safety with ADB TA. Restaurants and food retail establishments are being trained in basic food safety principles before rating system implemented.</p>			
<p><b>Indicative Action 5:</b></p> <p>Quality and quantity of domestically-grown supply of fruits, vegetables, and other food inputs increases</p>	<p>Most large hotel chains buy food inputs at local markets with the understanding that a large quantity of fruits and vegetables are imported from Vietnam or Thailand</p>	<p>Several large hotel chains have arrangements to secure most of their inputs of fruits, vegetables, and other foods locally through contract farming or other schemes</p>	<p>Private Sector, MAFF, MoT</p>	<p>TA needed</p>
	<p>There is no domestic supply of vegetables. Very important supply bottleneck to the sector.</p>			
<p><b>Outcome 16: High Value Silk Products</b></p>				
<p><b>Outcome 16: High Value Silk Products</b></p> <p>A small but growing number of Cambodian producers are able to design and export high-value silk products</p>	<p>Exports (cross-border and sales to foreign visitors) of finished silk products estimated at \$7 million in 2012</p>	<p>Exports of finished silk products double by 2018</p>	<p>Private Sector, MoC, MARD, MoWA, MAFF, MoIH</p>	<p>n.a.</p>
	<p>New producers have entered the export market</p>			
<p><b>Short-Term Actions: 2014-2016</b></p>				

<p><b>Indicative Action 1:</b> Silk Board established to coordinate and formalize production chains.</p>	No Silk Board in 2012.	Silk Board established by 2014	Private Sector, MoC, MARD, MoWA, MAFF, MoIH	EIF CEDEP I support
	Board not yet established. Anukret unlikely. More likely inter-ministerial Prakas. Not as strong as Anukret.			
	Silk Sector and Plan of Action need updating	New Silk Sector Strategy adopted by 2016	Private Sector, MoC, MARD, MoWA, MAFF, MoIH	
	Update strategy possible only after Silk Board established			
<p><b>Indicative Action 2:</b> In the absence of a sector policy, the sector is unlikely to develop. National sericulture and silk sector policy developed</p>	No sector policy as of 2012	National Sericulture and Silk Sector Policy developed and endorsed by Government by 2016	SNEC, CoM, Private Sector, MoC, MARD, MoWA, MAFF, MoIH	TA would be needed to develop sericulture policy. Silk Policy to be developed under CEDEP I/ITC
	No progress			
<p><b>Indicative Action 3:</b> Purchasing units in key weaving cooperatives (e.g. Khmer Silk Villages) established to assist with procurement of higher quality yarn. Quality and traceability of silk yarn imports ensured (same as Outcome 4, MT Action 10)</p>	Lack of COs on most imported yarn	30% of imported yarn has a clear CO in 2018	Private Sector, MoC, MoWA	Not in scope of CEDEP I. TA will be needed to train distributors
	Very early stage of awareness-raising among selected producers. Visit of several producers to Hanoi and HCMC factories to learn about quality. Will require work with several large distributors.			
<b>Medium-Term Action: 2016-2018</b>				
<p><b>Indicative Action 1:</b> Increased Private Sector investment in sericulture.</p>	1MT of golden silk yarn produced in Cambodia in 2012. No white silk yarn produced in Cambodia in 2012. Most current silk production in Cambodia based on imported yarn. Hard to compete with China or Thailand. Cambodia should target high-value products using Cambodian silk	5MT of golden silk yarn produced in Cambodia in 2016. 20MT of white silk yarn produced in Cambodia in 2016	Private Sector, Silk Board, MoC, MAFF	TA would be needed if Government decides to put in place policy to develop sericulture. FAO did small work on sericulture. Also some small NGOs. No current TA.
	Marginal work by small NGOs. Government policy missing			

<b>Indicative Action 2:</b> Selected group of producers have broken into foreign markets	Three producers have cross-border export sales in 2011 (approximately \$1.5 million)	8–12 producers have cross-border export sales to five overseas markets with sales of approximately \$3 million	Private Sector, MoC	EIF CEDEP I support
	Several new producers are developing export contracts, including 3 producers at April 3 FG meeting. Typically to EU where zero tariff under EBA. To get CO under Form A, MoC needs to confirm that 35% of value produced in Cambodia to meet ROOs. In addition exporter must meet standard requirements of importer. One of the producers at FG is working to supply Ralph Lauren in the US. To do so, it must demonstrate it meets nearly 120 compliance requirements needing lab testing for quality, AZO dyes, MRLs (e.g. no lead), or certification of no child labor, etc.			
<b>Indicative Action 3:</b> Selected group of producers have internalized a product development scheme	Three producers have a product development system in place in 2011	8–12 producers have product development in place in 2018 as reflected in regular product addition to collections and product catalogues	Private Sector, MoC, MoWA, MoIH, MARD	EIF CEDEP I support
	Some early training with selected producers to train them on developing a company identity through its products			
<b>Indicative Action 4:</b> Weavers have access to micro-credit	Weavers have limited to no access to credit	Micro-lending to weavers expanded to help develop their business	MEF, RDB, micro-lending institutions	Major TA required to get financial sector to put in place competitive micro-credit
	No progress. Bank rates very high (3%/month or more). Banks don't know how to use poor people assets as collateral.			
<b>Pillar 3:</b> Strengthening the Capacity of RGC and Cambodian Stakeholders to Manage the Trade Agenda and Trade Challenges (Trade Reform, Trade Policy, Aid for Trade, Bridging Skill Gaps for Trade, etc.)				
<b>Outcome 17: Bridging the Skill Gap for Exports</b>				
<b>Outcome 17: Skill Gap for Exports</b> RGC and Cambodian exporters meet the skill gap through the formal education sector and increased public-private partnership to develop vocational/ technical education	No PPP TVET program in 2012 in Cambodia. Most TVET is done through NGOs with inconsistent outcomes for different NGOs	A number of PPP TVET programs have been established to support skill development in export sectors by 2018	Line Ministries, MoLVT, Private Sector	n.a.
	No progress.			
<b>Short-Term Actions: 2014-2016</b>				

<p><b>Indicative Action 1:</b></p> <p>A job information system is in place to match supply and demand at local and regional level</p>	<p>National Employment Agency is new and lacks systems. No job information and forecasting systems in place</p>	<p>Job information system is in place in NEA including (1) quarterly labor market information reports; (2) regular dissemination of forecasting results with strong sector focus</p>	<p>NEA, TVETs, Private Sector</p>	<p>Sida TA.</p>
	<p>NA</p>			
<p><b>Indicative Action 2:</b></p> <p>TVET programs are established to meet need in technical and engineering personnel in garments and footwear and in SEZ sectors</p>	<p>Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute</p>	<p>GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector</p>	<p>GMAC, Training Service Providers, AFTEX</p>	<p>AFD loan and grant + GMAC contribution</p>
	<p>GMAC is establishing the Cambodian Garment Training Institute with a \$2.0 million loan + \$1.1 million grant from AFD. Construction approximately \$2 million. \$1.1 million for training trainers + \$550,000 contribution from GMAC. Will use ASEAN Basic Competency standards. Long course, short course, and 2-year diploma level. Will target training of middle and high level position in garment sector to substitute for expats.</p>			
	<p>No training facilities in SEZs to assist investors in building a skilled labor force</p>	<p>All SEZs have training facilities (PPP or otherwise) with curriculums that meet ASEAN standards</p>	<p>SEZ operators, Private Sector associations, MoLVT, NEA</p>	<p>TA needed</p>
	<p>Chinese SEZ in SHV has a training center for language and will have a technical training center built by the Chinese government at the end of 2015. Technical training is expected to start in early 2016. Manhattan SEZ has been in talk with MOEYS to establish a training centre as part of its master plan.</p>			

<p><b>Indicative Action 3:</b></p> <p>TVET programs that meet international standards and ASEAN Minimum Competency Standards for Tourism are established and running for the hospitality sector</p>	<p>No culinary TVET program that meets international standards and ASEAN Minimum Competency Standards</p>	<p>Royal Academy of Culinary Arts (RACA) fully established as PPP. First full class (2 year curriculum) graduates with internationally recognized diplomas by 2016</p>	<p>MoC, MoT, Hotel, Restaurant and Chefs Associations</p>	<p>Sida EIF Tier 2 under CEDEP II</p>
	<p>Sida approved grant in February 2015. EIF provided final approval on May 13, 2015. Project launched expected June 2015.</p>			
	<p>No hospitality management and services TVET program that meet international standards and ASEAN Minimum Competency Standards for Tourism</p>	<p>TVET program focusing on hospitality management and services fully established as PPP by 2016. Graduates to receive diplomas that meet international standards and ASEAN Minimum Competency Standards for Tourism</p>	<p>MoT, Private Sector (Hospitality)</p>	<p>AFD</p>
<p>Lack of skill labor is a major challenge to the development of the sector. RGC is very slow in responding to the need. No new progress on AFD financed tourism school.</p>				
<p><b>Indicative Action 4:</b></p> <p>A more peaceful labor relations environment has been established in industrial sectors through a reduction in the number of illegal strikes and better enforcement of arbitration rulings and agreements in place</p>	<p>The excessive number of illegal strikes that do not respect agreements in force or that result from conflicts that have not gone through appropriate mediation and arbitration channels is having a negative impact on competitiveness</p>	<p>Use of Collective Bargaining Agreement in industrial sectors is promoted (capacity building on CBA needed.) Enforcement of laws, regulations, and agreements in place is strengthened</p>	<p>Private Sector, CAMFEBA, Labor Unions, MoLVT, Arbitration Council</p>	<p>(1) current TA from Sida and Levi Strauss  (2) more TA needed</p>
	<p>Arbitration Council (AC) is first line of defense to resolve industrial disputes through mediation or arbitration before Unions can strike. AC has MoU with GMAC and 6 Union Federations to use mediation/arbitration first. Strikes are illegal until the AC process has been completed. Since foundation in 2009, AC has dealt with over 2000 cases. At this point, about 30/40 new cases per month. AC needs to train its own employees and arbitrators. In addition, it is trying to expand training of employers and unions on dispute resolution in the work environment to reduce the number of cases brought to AC.</p>			

<p><b>Indicative Action 5:</b></p> <p>A set of models (templates) has been developed to assist line ministries in developing TVET institutions and programs based on PPP</p>	<p>There is little understanding of how PPPs can contribute to skills development and little understanding of different PPP models that can be pursued. There is also little knowledge and information available as to what is possible in a PPP.</p>	<p>A set of PPP models has been developed, with the assistance of development partners and based on international best-practice, to provide guidance to Line Ministries and Private Sector partners when formulating PPP-TVETs including (1) possible governance structures, (2) development of curriculums, (3) structures for student internships and (4) possible financing structures</p>	<p>MoEYS, MoLVT, CAMFEBA, MEF, Private Sector</p>	<p>ADB loan with TA but most likely additional TA needed.</p>
MEF is setting up a PPP unit with an ADB TA to assist in the development of selected PPPs across sectors				
<b>Medium-Term Action: 2016-2018</b>				
<p><b>Indicative Action 1:</b></p> <p>TVET programs are established for the hospitality sector to address current skill gaps</p>	<p>RACA is operating</p>	<p>A minimum of 100 Chefs, kitchen and food handling personnel is trained yearly based on ASEAN and internationally recognized certification standards through Royal Academy of Culinary Arts (RACA)</p>	<p>MoT, Private Sector, RACA</p>	<p>Sida EIF Tier 2 under CEDEP II</p>
Sida approved grant in February 2015. EIF provided final approval on May 13, 2015. Project launched expected June 2015.				
<p><b>Indicative Action 2:</b></p> <p>Greater availability of SPS specialists to support exports and protecting health of crops livestock and consumers</p>	<p>Universities lacks curriculum focusing on plant health, animal health and food safety to train SPS specialists</p>	<p>Specialization stream on plant pest and disease, animal pest and disease, food safety specialization established in RUA with dedicated curriculum for the three areas and associated teaching materials</p>	<p>MAFF, Royal University of Agriculture (RUA)</p>	<p>ADB TA</p>
Part of ADB's ongoing TA to MAFF addresses this issue				

<b>Indicative Action 3:</b> Higher education systems and TVET develop industry-focused curriculums	No industry-focused curricula for specialized sectors to meet needs of a diversified economy	At least 2 new curriculums per indicative sectors are drafted and integrated into relevant Higher Education/TVET programs by 2018. Curriculums to be linked to ASEAN standards where they exist	MoEYS, MoLVT, and Line Ministries	SIDA TA needed
	No progress			
	No industry skills councils to guide development of educational and TVET programs that focus on the needs of specific sectors	Industry skill councils (employers, government, and workers representatives) established to guide development of educational and TVET programs that focus on the needs of specific sectors	MoLVT, Private Sector, NEA, Line Ministries	TA maybe needed
No mention in Education Sector Strategic Plan 2014-2018				
<b>Indicative Action 4:</b> Engineering curriculums strengthened in Universities	The number of engineering graduates in Cambodia in 2008 was 514 (World Bank survey)	The number of Cambodian engineer graduates triples from 2008	MoLVT, MoEYS, MoIH, Private Sector	TA not needed
	Check statistics in 2018			
<b>Indicative Action 5:</b> The number of annual leave and public holiday days in Cambodia closer to ASEAN average	Under Cambodian labor law, individuals are entitled to a minimum of 43 annual public holidays and leave days per year. Cambodia's minimum entitlement is far greater than ASEAN average with a negative impact on competitiveness (it lowers productivity, reduces training time, + a much larger amount of normal work hours has to be paid for as overtime)	Minimum number of annual public holidays and leave days has been lowered to 33 days	MoLVT, RGC	TA not needed
	No progress			

Outcome 18: Mainstreaming Trade				
<p><b>Outcome 18: Mainstreaming Trade</b></p> <p>Trade development objectives are fully mainstreamed in national development strategy and in product and service sector strategies</p>	Input Note submitted by MoC to MoP and SNEC for mainstreaming trade in NSDP and Rectangular Strategy	75% of the results identified in Input Note prepared by MoC have been achieved by 2018	MoC, MAFF, MoIH, MEF, trade-other related Line Ministries	n.a.
	Too early to tell			
Short-Term Actions: 2014-2016				
<p><b>Indicative Action 1:</b></p> <p>The Ministry of Commerce has established a Trade Training and Research Institute (TTRI) centralizing all trade-related capacity development efforts</p>	Capacity needs assessment of MoC and key trade-related institutions have been produced. Development plans have been formulated. A limited curriculum on trade is available in the Royal School of Administration (RSA)	A full-fledged catalogue of at least 20 courses available in Cambodia and 20 international training courses is available and being used to train officials on regular basis through TTRI	MoC, RSA	(1) TDSP (TTRI grant - \$500,000)  (2) Additional TA needed
	At least 20 course modules were developed with RSA and will be used at TTRI. 4 training workshops have been organized since July 2014. TTRI is developing a plan to roll out training in provinces focusing on (1) English, basic trade, IT, (2) reforms (CO and Company Registration), and (3) doing business in AEC. TTRI is now established as a Department of MoC by Prakas of March 2014. TTRI is moving into the old MoC Trade Promotion building.			
	There is no sustained trade-related research in MoC	TTRI has produced three research papers commissioned by MoC for policy-making needs, including in cooperation with independent Cambodian Research Institutions	MoC, Independent Cambodian Research Institutions	(1) TDSP (TTRI grant - \$500,000)  EIF CEDEP I and CEDEP II  (2) Additional TA needed
	CDRI contracted by TTRI to produce 3 value chain - policy papers by 2016 (forestry, bicycles, rubber). In addition, updated value chain papers are being prepared under CEDEP I and CEDEP II (cassava, silk, fisheries.) TTRI has agreements with four regional research networks: ARTNet, ADBI, Mekong Institute (Thailand) and ERIT (Laos).			

<b>Indicative Action 2:</b> The establishment of national and sector level indicators for growth and poverty facilitates comparison of different trade development and Private Sector development approaches in contributing to national poverty reduction goals	No coherent indicator of sustainable human development impact of expansion in the 10 DTIS 2013 priority sector	A coherent indicator of sustainable human development focusing on employment, gender, income, and environment at a minimum has been formulated and measured to measure the impact of development in the 10 DTIS 2013 priority sectors by 2016	MoC, SNEC, MoP	TA needed
	UNDP has developed Human Development Index. TTRI plan to work with UNDP to develop trade-related indicators. Some work underway by UNDP on cassava			
<b>Indicative Action 3:</b> Improved accessibility, compilation and use of statistics and trade data to assist in assessing and formulating appropriate trade support interventions	Official Cambodian trade data are extracted from database maintained by GDCE (Customs data), MoC (on COS, import/export, licenses), MEF (trade repository), and MAFF (SPS certificates.) There is no structure to compare and ensure coherence across sources, limited quality control systems, no tool to compare/benchmark Cambodian statistics against mirror statistics	Beginning in 2016, MoC Trade Training and Research Institute (TTRI) produces an annual trade data publication that consolidates and reconciles data extracted from different Government sources and ensure enhanced coherence with Comtrade mirror statistics	GDCE, MoC, MEF, MAFF, NIS	(1) TDSP (2) Additional TA needed
	So far the focus has been on making MoC trade data more easily available. Work to develop a central data base using various sources and explaining differences not yet started.			
	Some MoC data are difficult to obtain	All MoC data are available up to date through MoC's revamped Website	MoC	TDSP
	MoC website has been revamped and more will be done. Access to MoC data has improved			
<b>Medium-Term Action: 2016-2018</b>				

<p><b>Indicative Action 1:</b></p> <p>Sufficient institutional capacity built to formulate and implement trade-related policies and strategies as well as trade-sensitized sector policies</p>	1 sector policy focusing on exports in 2013 (for Rice)	4 additional sector policies focusing on export manufacturing or agro sectors by 2018 using MoC generated trade-data and inputs	SNEC, MoC, MAFF, MoIH, other trade-related Line Ministries	TDSP, EIF-CEDEP I and CEDEP-II
	<p>MoC focus is on developing policy papers in relation with the value chain papers including forestry, cashew nuts, rubber, cassava and fisheries. No indication thus far that SNEC might take the lead to draft policy reports for Council of Ministers on any of those sectors</p>			
<p><b>Indicative Action 2:</b></p> <p>Increased coordination among MoC, MoP, and Line Ministries to include trade-related indicators in NSDP-V</p>	A single template for NSDP provided by MoP not reflecting the contributions of trade and related cross-cutting themes	A revised template and schedule to include trade-related indicators in NSDP and sector policies in use by MoP, MoC and key Line Ministries	MoP, MoC, SNEC, key Line Ministries	TA needed
	<p>No work on such template as of yet</p>			
<p><b>Indicative Action 3:</b></p> <p>Increase coordination among SNEC, MoC and Line Ministries to ensure strong linkages between objectives of Industrial Policy and Outcomes of CTIS 2014-2018</p>	Industrial Policy at the drafting stage	Ensure that implementation of the Industrial Policy takes into account linkages identified in Outcome 6 of CTIS 2014-2018, including linkages between investment promotion and Rules of Origin, the need to promote clusters of domestically-based suppliers to support exporters, etc.	MoIH, SNEC, MoC, CDC	TA needed for implementation
	<p>Industrial Development Policy adopted by Council of Minister in March 2014. Implementation has been delegated to CDC. The Policy is more a framework than a document with a clear Action Plan. The Policy will require extensive support to operationalize and implement.</p>			
<p><b>Outcome 19: Monitoring and Mobilizing Aid for Trade</b></p>				
<p><b>Outcome 19: Monitoring and Mobilizing Aid for Trade</b></p> <p>RGC's ability to M&amp;E Results or Trade SWAp is strengthened, leading to stronger mobilization of AfT inside and outside SWAp</p>	AfT commitments during 2007-2011 were \$1.506 billion; AfT disbursements were \$942.766 million (OECD/DAC data)	Expected value of AfT during 2014-2018 grows by 30% from 2007-2011 period	MoC, MAFF, MoIH, trade-related Line Ministries	n.a.
	<p>Too early to tell</p>			
<p><b>Short-Term Actions: 2014-2016</b></p>				

<p><b>Indicative Action 1:</b></p> <p>Khmer version of 2014-2018 Trade SWAp Road Map and 2013 Matrix of Ongoing, Pipeline, and Missing AfT adopted by Government and used to mobilize additional interventions</p>	Updated Road Map and AfT Matrix under preparation as of 2013	2013 Trade SWAp Road Map and AfT Matrix have been adopted by the Council of Minister	MoC, S-SC on Trade and Trade-Related Investment, CoM	UNDP – MTP support
	CTIS 2014-2018 and Trade SWAp Road Map launched by PM in February 2014. Road Map has been translated and printed in Khmer. Two dissemination workshops held in Siem Reap and Sihanoukville respectively. Two more workshops planned including in Battambang and Rattanakiri.			
<p><b>Indicative Action 2:</b></p> <p>DICO carries out yearly evaluation of progress against Trade SWAp 2014-2018 road map goals, outcome, and expected results. Findings are reviewed with Government and Cambodian stakeholders</p>	The M&E Unit in DICO is able to monitor individual projects but has no capacity as of yet to show contribution of individual projects to program-level objectives and results	The M&E Unit in DICO produces an annual report showing contribution of all TRTA projects to Trade SWAp trade goals, outcomes, and expected results. DICO organizes annual event to present progress to RGC and Cambodian stakeholders	MoC, Trade SWAp implementing agencies	(1) TDSP and EIF CEDEP I and CEDEP II  (2) Additional TA needed
	M&E Unit has been producing Annual Reports for TDSP since 2011. CEDEP I and CEDEP II are being monitored. However, these are M&E and reporting against projects, not Trade SWAp as program. UNDP-MTP mission is opportunity for a first complete review of Trade SWAp Road Map as a program.			
<p><b>Indicative Action 3:</b></p> <p>DICO organizes annual meeting with traditional and non-traditional trade Development Partners (BRICS, south-south, philanthropic foundations) pointing to gaps in AfT based on expected outcomes</p>	The implementation of the Aid-for-Trade medium term strategy formulated in the Trade SWAp Road Map is not monitored or communicated to development partners	Annual event organized by DICO for senior Government officials and DPs to review AfT gaps	MoC	TDSP and EIF Tier 1
	Annual retreat on Trade SWAp organized in 2013 and 2014 with support of DPs. 2014 review of SWAp governance structure.			

<p><b>Indicative Action 4:</b></p> <p>DICO is using different communication tools to raise awareness about the actions, impacts, and achievements of Trade SWAp among a wider audience</p>	<p>A communication strategy for the SWAp has been endorsed, but is not being implemented. Communication actions are not coordinated with DPs and stakeholders and rely mostly on international consultant</p>	<p>A dedicated communication team has been organized in DICO and implements an up-to-date communication and outreach strategy with different media. A minimum of four key events are implemented each year</p>	<p>MoC,</p>	<p>(1) TDSP and EIF Tier1</p> <p>(2) Additional TA needed to strengthen communications</p>
	<p>A communications unit has been created in DICO with a dedicated team. A communications strategy has been formulated. Two workshops have been held.</p>			
<p><b>Indicative Action5:</b></p> <p>Dialogue among Government, Private Sector stakeholders, and Development Partners shifts, in part, from focus on project implementation to program results and effectiveness</p>	<p>The SWAp governance structure for AfT tends to focus mostly on operations of ongoing project and very little on program and outcomes</p>	<p>Mandate of S-SC is reviewed to focus on trade program (<i>CTIS 2014-2018</i>) progress and results. Conclusion and recommendations from PSD TWG feeds into S-SC. Monitoring of operations is left at SWAp Implementation Committee level. Relevant Prakas have been amended accordingly</p>	<p>MoC, PSD TWG</p>	<p>(1) TDSP and EIF</p> <p>(2) Additional TA needed to strengthen communications</p>
	<p>A SWAp governance review was conducted in 2014. 16 recommendations were produced. Recommendations need to be implemented</p>			
<p><b>Medium-Term Actions: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>The Trade SWAp Management Framework is simplified so as to ensure better and faster AfT resource mobilization and project formulation</p>	<p>Most contributions of trade development partners to AfT in Cambodia is not accounted for and not monitored under Trade SWAp</p>	<p>The number of AfT contributions and DPs contributing directly to Trade SWAp goals, outcomes and expected results that is directly accounted for and monitored through Trade SWAp increases significantly</p>	<p>MoC, PSD WG</p>	<p>No TA needed</p>
	<p>No development. Should be part of revised Governance structure.</p>			
<p><b>Outcome 20: Enhancing Private Sector Participation in AfT</b></p>				

<p><b>Outcome 20: Enhancing Private Sector Participation in Aft</b></p> <p>A better structured dialogue between Private Sector and Government contributes to efficient public-private partnerships for trade development based on Aft resources</p>	Private Sector participation in Government-led project design is limited to individual company participation	At least 3 PPPs are established on an annual basis with participation from government and Private Sector in support of Cambodia's trade development goals by 2018	G-PSF, MoC, CDC, Private Sector	n.a.
	No progress on trade-related PPPs			
<b>Short-Term Actions: 2014-2016</b>				
<p><b>Indicative Action 1:</b></p> <p>New PSD Technical Working Group (DP-RGC) mandate and modus operandi are approved and implemented</p>	Current PSD Technical Working Group is ineffective	PSD Technical Working Group has been re-established with new mandate and new modus operandi	MEF, CDC, PSD TWG	No TA needed
	There are 19 TWGs between Government and DPs. One of them is the TWG on PSD. Co-chairs are CDC and ADB/WB. The PSD Committee has four sub-committees. For all practical purposes the TWG on PSD does not work and the only working subcommittees is the SSC on TD&TRI chair by Senior Minister, MoC with ADB as Donor Facilitator for Trade.			
	No comprehensive data base of Value Chain analyses and TA support	A data base of DPs on PSD and Value Chain Analyses and TA support is developed in collaboration between DICO and DPs as an input to PSD Technical Working Group	MoC	TDSP (TTRI grant)
No work yet but included in TTRI work program				
<p><b>Indicative Action 2:</b></p> <p>Improved efficiency and effectiveness of RGC-Private Sector-donor consultation mechanisms to address business environment constraints through Aft</p>	G-PSF and PSD WG are no longer functioning as effective mechanisms to leverage government support on solving key business constraints	G-PSF and PSD WG meetings are organized twice a year at operational level with clear agendas focusing on solutions to previously identified business constraints issues	G-PSF, MoC, CDC, Private Sector	(1) TDSP (2) Additional TA likely needed
	Responsibility for G-PSF was transferred from IFC to CCC in 2011. Meetings have been irregular since then (no meeting in 2013). TDSP providing support to CCC to build management capacity of the G-PSF process.			

<p><b>Indicative Action 3:</b></p> <p>Increased awareness of Business Membership Organizations (BMOs) on Aft and Trade SWAp through regular focus group meets led by MoC</p>	<p>There is no structured event for MoC to communicate progress on Aft and Trade SWAp implementation with Private Sector</p>	<p>DICO organizes annual information event to inform business sector through BMOs about progress in Trade SWAp implementation and Aft deployment</p>	<p>MoC</p>	<p>(1) TDSP (2) Additional TA likely needed</p>
	<p>CCC organized one meeting between BMOs and MoC in February 2014</p>			
<p><b>Medium-Term Action: 2016-2018</b></p>				
<p><b>Indicative Action 1:</b></p> <p>The trade inputs to NSDP and Rectangular Strategy are jointly produced by government and Private Sector through G-PSF dedicated working group</p>	<p>There is no structured consultation between Government and Private Sector on trade objectives to be pursued under NSDP and Rectangular Strategy</p>	<p>Trade objectives proposed by Government under NSDP and Rectangular Strategy are reviewed and formulated jointly through consultation with BMOs</p>	<p>MoP</p>	<p>TA needed</p>
	<p>No such process in place as of yet</p>			
<p><b>Indicative Action 2:</b></p> <p>Increased Private Sector participation in Aft project design, formulation and implementation</p>	<p>Limited or in-existent involvement of Private Sector representatives in most Aft TA projects</p>	<p>All new Aft TA projects must include activities and outputs involving BMOs by 2018</p>	<p>MoC, Private Sector</p>	<p>TA needed especially in the area of PPPs</p>
	<p>CEDEP I and II projects based on involvement of private sector in each sector project. However, significant difficulties in engaging the Government in PPP projects</p>			



# ANNEX.II



## Priority Clusters Detailed Concept Notes

# Trade Policy, Sector Policy, and Legal and Regulatory Reform



MTP 2016-2020

## BACKGROUND

### *Cambodia Trade SWAp Roadmap 2014-2018 and Cambodia Medium Term Plan for AfT*

Since 2007, the Royal Government of Cambodia (RGC) has been implementing a Trade Sector-wide Approach (Trade SWAp) to enhance coordination of its efforts in the trade area and the technical assistance provided by its Development Partners.

To this date, the RGC has received direct support from the European Union, Danida and UNIDO in the form of a Trust Fund executed by the Ministry of Commerce (MoC) – the Trade Development Support Program or TDSP – and from the Enhanced Integrated Framework (EIF) Tier 1 and Tier 2 Funds implemented and/or supervised by MoC's Department of International Cooperation (DICO.) In addition, to a greater or lesser extent, various multilateral and bilateral donors – including the World Bank, the Asian Development Bank, USAID, the EU Country Program, JAICA, Danida, Sida, ADB, Ausaid, and others – have sought to align TA support under their own management with the objectives of the Trade SWAp.

In 2013, the RGC decided to proceed with the second update of its Diagnostic Trade Integration Study – Cambodia Trade Integration Strategy 2014-2018 or CTIS 2014-2018 – and the update of its Trade SWAp Roadmap. CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 were launched by Prime Minister Samdech Hun Sen on February 18, 2014.

In early 2015, MoC requested the assistance of UNDP to prepare a Medium Term Action Plan (MTP) for Aid for Trade for the period 2015-2020. The objective of an MTP is for countries to identify progress on their Action Plan, areas where technical assistance is already in place as well as areas where additional assistance maybe required. UNDP assembled a team of three experts and, in April 2015, the UNDP-MTP team conducted an in-depth review of progress made by Cambodia in implementing its Trade SWAp Roadmap during the 14-month period since its launch by the Prime Minister.

Based on the findings from the April 2015 review, the UNDP team identified ten possible clusters where additional AfT would be required. The ten clusters were validated by Cambodian stakeholders and submitted by DICO to the Senior Minister, Minister of Commerce for his review. On June 23, 2015, the Senior Minister, in his capacity as Chairman, reviewed the list of ten clusters with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment which is the ultimate body to which the Trade SWAp reports. Following that meeting, the Senior Minister instructed DICO to ask the UNDP Team to prepare Concept Notes for five of the ten clusters. The purpose of each Concept Note is to provide guidance for discussions between MoC and Development Partners on where, why, how, and how much additional AfT might be required to progress further against the actions, objectives, and targets identified in the Trade SWAp Roadmap.

The five priority clusters identified by the Senior Minister and members of the Sub-Steering Committee are:

1. Trade Policy, Sector Policy, Legal and Regulatory Reform
2. Trade Facilitation and Transport Logistics
3. SPS and Other Quality Systems for Trade
4. Private Sector Structuring
5. Development of Inclusive Value Chains

### ***Situation Analysis for Cluster#1***

## Major Themes and Linkages to National Policies and Objectives

Cambodia's exports have grown very rapidly since the mid-2000s. Since the late 1990s, Cambodia has relied heavily on exports of garments and tourism services for its external earnings. Up until 2011, garments exports were directed mainly at the US market. Since 2012 however, the EU has become the leading export market.

Diversification of product and service exports and diversification of destinations have been major policy objectives of the Government for a number of years and was a key theme examined in CTIS 2007. There is clear evidence that the Government's and private sector's efforts to bring about such diversification have begun to pay off.

Recorded exports of goods and services grew at a near average of 13 percent per annum between 2007 and 2011, from \$4.509 billion to \$7.335 billion. To this, CTIS 2014 estimated a possible additional \$825 million in informal exports in 2011.<sup>1</sup> While the garment and tourism sectors continued to hold a very large share of recorded exports, their combined share declined as the share of other recorded exports grew from 10 to 20 percent during the same 2007-2011 period – reflecting the rapid growth of agricultural exports and the emergence of new manufacturing exports such as shoes, bicycles, and small electrical goods.

In term of destinations, exports to the US as a share of total exports have declined. In contrast, the share of exports to the EU, Canada, China, Japan, Thailand, and Vietnam has increased rapidly. For recorded goods exports alone, the US share declined from 64 to 41 percent between 2007 and 2011. Major developments behind these declines are the stagnation of garment exports to the US, the rapid growth of garment exports to the EU, Canada, and Asian markets and the growing importance of agricultural trade within the GMS and larger Asian region. Interestingly, the shifts registered in goods are matched by similar shifts in the tourism sector. During the same 2007-2011 period, the share of arrivals of international tourists from the Asia-Pacific region grew from 62 to 73 percent, while total arrivals grew by approximately 10 percent per annum average during those years.

Three main factors explain those developments:

- Trade Preferences and Rules of Origin
- Growing investment in supply capacity
- Continued reform in the business environment

Cambodia is making significant use of trade preferences. The US does not provide preferences for garments.<sup>2</sup> The EU does under its "Everything-but-Arms" program (EBA), as do Canada, China, South Korea, Japan and several other trading partners under either GSP and DFQF programs or FTAs. The largest change was the change in EU's EBA rules of origin in January 2011. Exports to the EU more than doubled between 2007 and 2011 from \$664 million to \$1,503 million. Eighty percent of Cambodia's growth in recorded goods exports during 2007-2011 was targeted to markets offering preferential access. This access will remain the key determinant of export performance in the period ahead.

A key feature of all preferential schemes is their rules of origin, i.e. the set of rules that must be followed to determine whether or not goods produced in Cambodia are eligible for preferential access into the importing country. The rapid development in garments and bicycle exports from Cambodia to the EU has been driven in no small part by beneficial rules of origin. At the same time, the entry into force of the AEC, the forthcoming Regional Cooperation Economic Partnership (RCEP), that will include 16 ASEAN members and Dialogue Partners in a new Free Trade Agreement, the EU-Vietnam FTA, to be followed possibly by an EU-Thailand FTA, and other regional arrangements under the making could reshape significantly preferences, including benefits from Rules of Origins, for Cambodia.

<sup>1</sup> Cambodia Trade Integration Strategy 2014-2018, Full Report, page 36

<sup>2</sup> Cambodia does not benefit from preferences comparable to those extended by the US to AGOA countries

Rapid growth has been supported by fast growing new investment, both foreign and domestic, in many sectors of the economy, including export sectors in particular. These developments are reviewed in detail in the chapter on investment environment in CTIS 2014-2018. Clearly, however, improvements in market access are driving where new investment is going and the investment itself is being facilitated by improvements in the domestic business environment.

Subsequent to its accession to the WTO, Cambodia engaged on a significant reform program to align itself with its WTO obligations and to increase the attractiveness of its business environment. The Trade Policy Review held in Geneva in November 2011 showed that a great majority of the needed legal reforms that had been identified immediately after accession and were crystallized in the Government's comprehensive 2004 Work Program on WTO Obligations had been completed. Remaining, outstanding reforms were inscribed in a follow-up Work Program on WTO and Related Obligations 2012-2015 (hereafter 2012 Work Program for short) with a 2015 target for completion. The 2012 Work Program identifies some 84 Actions. Few have been completed as of 2015.

In parallel to its 2012 Work Program, Cambodia is also addressing its commitment vis-à-vis ASEAN in view of ASEAN Economic Community (AEC.) To further capitalize on these efforts, Cambodia is moving forward to provide greater transparency by establishing web sites to make all laws and regulations pertaining to trade readily available (a.k.a. the National Trade Repository.)

### **Major Initiatives, Actions Already Taken, and Support Already Received**

Broadly speaking, the priorities and targets in the broad area of "Trade Policy, Sector Policy, and Legal and Regulatory Reform" are captured in the Trade SWAp Roadmap under Outcome 1 ("Trade Policy Reform and Trade Negotiations."), Outcome 6 ("Intellectual Property Rights) and more specific Actions under Outcome 5 ("Investment Environment for Exports") and several of the Roadmap's Sector-Specific Outcomes.

The April 2015 review of the Trade SWAp Roadmap suggested some, but limited progress on many of the key aforementioned outcomes and actions and the need for further technical assistance for Cambodia to move forward on many of the targets identified in 2014 in this area.

In general, the same key legal and regulatory reforms identified in CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 remain outstanding. A number of them still require external expertise to formulate or vetting with stakeholders before finalization for submission to the Council of Ministers, or will require external expertise to help draft the Anukrets and Prakas that will be needed for implementation once the Law has been adopted by the National Assembly. In addition, even when a legal reform is completed, Cambodia often lack the Government structures required to implement and enforce the laws that have been adopted so implementation and enforcement are often weak or haphazard. In short, progress against the 2012 Work Program remains limited.

In the area of Non-Tariff Measures, the Ministry of Finance has received support from TDSP to develop a basic data base as required under ATIGA – the so called National Trade Repository (NTR.) While the initial TDSP funding will allow an official launch of the NTR before the end of 2015 with a data base including some 390 measures, analysis of the measures will remain to be carried out going forward, including for purpose of identifying measures that might need to be simplified, reformed, or even eliminated as appropriate.

The Senior Minister, Minister of Commerce, has asked the World Bank to prepare several short analyses of the impact of various recent trade agreements on Cambodia.<sup>3</sup> Nevertheless, Cambodia still lacks

<sup>3</sup> MoC has asked for the following studies

- 1- Impact of Viet Nam participation in the Trans-Pacific Partnership (TPP)
- 2- Impact of the bilateral FTA between Viet Nam and EU
- 3- Eurasian Economic Union (EAEU) plans FTA expansion within ASEAN
- 4- Impact of Myanmar's accession to the EU's EBA scheme
- 5- Cambodia's options for negotiating FTAs with developed and developing economies
- 6- Impact of increased migration of Cambodian workers to Thailand (and other markets)

an explicit Trade Policy that factors in the impact and challenges of recent agreements on Cambodia's preferences, including on Rules of Origins. A trade policy could serve as a master template to guide Government negotiators from different ministries in different negotiation fora.

With the exception of several value chains studies conducted in the past in a few sectors (namely rice, cassava, and pepper) with combined UNDP-IF-TDSP support, Cambodia lacks thorough value chain studies especially in a number of sectors where exports are growing. The newly created Trade Training and Research Institute (TTRI) has received resources from TDSP to develop three additional value chain studies covering palm sugar, mango, and bicycles. Going forward additional studies are likely to be required and some of them might serve as a basis to develop sector policy instruments. Cambodia has few such instruments. In 2010, the Government adopted the Policy Paper on the Promotion of Paddy Production and Rice Exports intended to cover the period 2010-2015. The Policy has played an important role in supporting the development of a vigorous milled rice export sector which simply did not exist five years ago. Still, the Policy is in need of a thorough review and stock-taking if only to determine which bottlenecks may remain in the value chain, what else to do to eliminate those, and how best to fine tune the key directions of the policy based on lessons learned by rice millers and exporters in foreign markets. In addition, the Prime Minister launched an Industrial Development Policy (IDP) in March 2015, with a strong focus on such areas as Agro-processing, manufacturing development in SEZs, and development of SMEs through backward linkages. The IDP remains a very broad document in scope that will need to be developed into more focused priority targets and, possibly, several sector-specific policies.

## Strategic Objectives for Cluster #1

In view of the limited progress accomplished thus far against the objectives set out in the Trade SWAp Roadmap in the area covered by Cluster #1, more work is needed and additional TA support is. To address the outstanding needs identified above, Cluster #1 will focus on four Strategic Objectives captured under several core Outcomes or Actions identified in the Trade SWAp Roadmap. Specifically:

Strategic Objectives for Cluster #1
1. Complete Trade-Related Key Legal and Regulatory Reforms
2. Strengthen Implementation of Trade-Related Laws and Regulations through Strengthening Implementation and Enforcement Capacity of Relevant Line Ministries and Agencies
3. Formulate a Trade Policy 2015-2025. Trade Policy to Guide Cambodian Negotiators
4. Develop Sector Policies based on Value Chain Analytical Work

Key Performance Indicators (KPI) for each can be drawn directly from the Trade SWAp Roadmap as shown below. Baselines shown are the original March 2014 baselines in the Trade SWAp Roadmap. Targets are also those shown in the Trade SWAp Roadmap. Clearly in nearly all cases deadlines need to be extended as more work is needed to achieve progress.

Strategic Objectives for Cluster #1		
KPIs	Baseline as of March 2014	Target
1. Complete Trade-Related Key Legal and Regulatory Reforms		

WB suggests funding the following

- 1- Impact on Cambodia of Viet Nam participation in the Trans-Pacific Partnership (TPP)
- 2- Impact of the bilateral FTA between Viet Nam and EU
- 3- Eurasian Economic Union (EAEU) plans FTA expansion within ASEAN
- 4- Impact of Myanmar's accession to the EU's EBA scheme

Discussions are underway to finalize the list.

<p><b>Outcome 1:</b> Trade Policy/Legal Reform and Trade Negotiations</p> <p>Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws</p>	<p>84 Actions identified in the RGC's Work Program on WTO Obligations and Related Issues 2012-2015</p>	<p>75% of the 84 Actions listed in RGC's Work Program have been fully completed by 2016</p>
<p>See also Outcome 1, STIAs 2, 3, 4, 5, 6, 7 and 9 and MTIA 1; Outcome 4, STIAs 8 and 9; Outcome 5, STIAs 4, 5, and 6; Outcome 6, STIAs 2, 3, 4, 5, and 6 for more detailed KPIs for individual trade-related legal reforms</p>		
<p><b>Outcome 1</b>, MTIA 3:</p> <p>Non-Tariff Measures are classified, reviewed, streamlined and notified to the ASEAN Secretariat, as mandated under the ASEAN NTM Work Program.</p>	<p>No action has been taken as of 2013</p>	<p>By 2016, a complete database of NTMs has been set up and notifications are made regularly to the ASEAN Secretariat.</p> <p>By 2018, the current NTM stock has been reviewed and streamlined.</p> <p>By 2018, the impact of all new NTMs is assessed by the Inter-ministerial Committee on NTMs and several NTMs have been lessened or eliminated</p>
<p><b>2. Strengthen Implementation of Trade-Related Laws and Regulations through Strengthening Implementation and Enforcement Capacity of Relevant Line Ministries and Agencies</b></p>		
<p><b>Outcome 6</b>, STIA 1:</p> <p>Stronger legal system for IP education and enforcement in place</p>	<p>Draft Anukret in CoM</p>	<p>Anukret establishing a Sub-National Committee on IP Education, and Awareness is adopted</p>
	<p>Draft Anukret in CoM</p>	<p>Anukret establishing a Sub-National Committee on Enforcement of IP laws and rules</p>
<p><b>Outcome 6</b>, MTIA 3: Quality of human and IT resources in IP sector is enhanced</p>	<p>The Anukrets creating the NCIPR's two sub-committees have been adopted</p>	<p>A clear human and IT resources development plan has been designed, is financed, and is implemented in the key IP Offices with a focus on training/retraining three groups of professionals:</p> <ol style="list-style-type: none"> <li>1. IP Offices' staff</li> <li>2. Officers in IP Border Agencies</li> <li>3. Judges and practicing lawyers</li> </ol> <p>The plan includes also upgrading of IT resources</p>
<p><b>3. Formulate a Trade Policy 2015-2025. Trade Policy to guide Cambodian Negotiators</b></p>		

<p><b>Outcome 1: Trade Policy/Legal Reform and Trade Negotiations</b></p> <p>Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws</p>	<p>RCEP Rules of Origins need to be negotiated</p>	<p>The RCEP rules of origin allow for cumulation across all its members by 2018</p>
<p><b>Outcome 1, STIA 1:</b> Favorable Rules of Origin remain in place under EU's EBA and Canada's DFQF</p>	<p>ROs in EBA and Canada's DFQF are favorable but countries graduating from GSP programs can no longer be used for cumulation</p>	<p>Cambodia negotiates with EU and Canada to ensure that graduation of individual countries from GSP programs does not affect Cambodia's cumulation for ROs purpose</p>
<p><b>Outcome 1, MTIA 3:</b> Improved accessibility, compilation and use of statistics and trade data to assist in assessing and formulating appropriate trade support interventions (same as Outcome 18, STIA 3)</p>	<p>Official Cambodian trade data are extracted from database maintained by GDCE (Customs data), MoC (on COs, import/export, licenses), MEF (trade repository), and MAFF (SPS certificates.) There is no structure to compare and ensure coherence across sources, limited quality control systems, no tool to compare/benchmark Cambodian statistics against mirror statistics</p>	<p>Beginning in 2016, MoC Trade Training and Research Institute (TTRI) produces an annual trade data publication that consolidates and reconciles data extracted from different Government sources and ensure enhanced coherence with Comtrade mirror statistics</p>
<p>4. Develop Sector Policies based on Value Chain Analytical Work</p>		
<p><b>Outcome 18: Mainstreaming Trade</b></p> <p>Trade development objectives are fully mainstreamed in national development strategy and in product and service sector strategies</p>	<p>Input Note submitted by MoC to MoP and SNEC for mainstreaming trade in NSDP and Rectangular Strategy</p>	<p>75% of the results identified in Input Note prepared by MoC have been achieved by 2018</p>
<p><b>Outcome 18 STIA 2:</b></p> <p>The establishment of national and sector level indicators for growth and poverty facilitates comparison of different trade development and Private Sector development approaches in contributing to national poverty reduction goals</p>	<p>No coherent indicator of sustainable human development impact of expansion in the 10 DTIS 2013 priority sector</p>	<p>A coherent indicator of sustainable human development focusing on employment, gender, income, and environment at a minimum has been formulated and measured to measure the impact of development in the 10 DTIS 2013 priority sectors by 2016</p>
<p><b>Outcome 18 MTIA 1:</b></p> <p>Sufficient institutional capacity built to formulate and implement trade-related policies and strategies as well as trade-sensitized sector policies</p>	<p>1 sector policy focusing on exports in 2013 (for Rice)</p>	<p>4 additional sector policies focusing on export manufacturing or agro sectors by 2018 using MoC generated trade-data and inputs</p>

<p><b>Outcome 18 MTIA 2:</b></p> <p>Increase coordination among SNEC, MoC and Line Ministries to ensure strong linkages between objectives of Industrial Policy and Outcomes of CTIS 2014-2018</p>	<p>Industrial Policy at the drafting stage</p>	<p>Ensure that implementation of the Industrial Policy takes into account linkages identified in Outcome 6 of CTIS 2014-2018, including linkages between investment promotion and Rules of Origin, the need to promote clusters of domestically-based suppliers to support exporters, etc.</p>
--	--	--

**Source:** Cambodia Trade SWAp Roadmap, 2014-2018

**Note:** STIA = Short-Term Indicative Action in the Trade SWAp Roadmap; MTIA = Medium Term Indicative Action

### ***Possible Start-up Projects for Cluster #1***

Several start-up projects ("Low-Hanging Fruits") could be launched immediately in support of the strategic objectives identified for this Cluster.

#### **1. Accelerate Implementation of the Work Program on Legal Reform 2012-2015**

##### Situation Analysis

There has been rather limited progress on the implementation of the Work Program on WTO Obligations and Related Issues 2012-2015 since the Work Program was adopted.

##### Objectives

This start-up project could have two main objectives:

- a. A stock-taking of progress on the 84 Actions and Reforms identified in the Work Program. The stock-taking should involve all line Ministries involved with the various reforms, identify current bottlenecks, and be used as a means to prioritize next-step Actions;
- b. Based on the stock-taking, identify what support may be needed to accelerate completion of the priority reform Actions -- typically either a push by line ministries to accelerate submission to the CoM or the need for additional independent expert inputs, and proceed with further work and progress

The specific issues relating to the establishment of a strong, workable, and WTO-compliant legal framework for standards, including for SPS standards, is dealt separately in Concept #3.

##### Cluster #1 Strategic Objective

This start up project would contribute to Strategic Objective 1 of Cluster #1

#### **2. Analyze NTMs**

##### Situation Analysis

A team has been established in MEF to set up a National Trade Repository to conform to ASEAN requirements. When the online portal is launched in November 2015, the NTR will list some 390 or so Non-Tariff Measures (NTMs.) MEF has received support from the TDSP to set up the online portal.

##### Objectives

Setting up the NTR portal is a very important step but only the first in a broader process. In the next stage, each measure will need to be reviewed and analyzed for possible simplification or streamlining, elimination if unneeded, or even clarification and strengthening if weak.

This start-up project could have three main objectives:

- a. An initial overview and rank-ordering of regulations and NTMs to be reviewed and analyzed. This would likely necessitate organizing some kind of task team between MEF's NTR team and officials from key line ministries.
- b. Beginning a review and analysis of a top list of NTMs leading to recommendations for streamlining, elimination, or clarification for each as needed.
- c. Formulation of a set of timelines for implementation of the recommendations identified for each of the NTMs analyzed, with a clear accountability mechanism for completion of implementation

### Cluster #1 Strategic Objective

This start up project would contribute to Strategic Objective 1 of Cluster #1

### **3. Strengthen Enforcement of Geographical Indications**

#### Situation Analysis

The Government has made the branding of Cambodia, its products, and its services a key priority. Products and services can be branded individually by the producers themselves. Or they can be branded collectively through the use of a Collective Mark, or more restrictively, through the use of a Geographical Indication. Collective Marks are particularly useful when a sector is dominated by SMEs that may lack the resources to promote their own brand, especially in export markets, but could benefit greatly from being known overseas for the special qualities of their offering. Collective Marks, and even more so Geographical Indications are complex "tools." They must be promoted to have any value. Members must respects the "governance" rules of membership (typically emphasizing quality.) And, importantly, governance rules must be enforced. The latter point is very important, but often underestimated. Lack of brand promotion will simply mean the sector will lack the kind of marketing it requires to progress in the market place. But lack of enforcement can turn a potential benefit into a liability. If a country fails to enforce the rules of a Collective Mark or a Geographical Indication, the sector may begin to receive negative publicity and overseas buyers may start to regard negatively the value of collective brands coming from the country.

Thus far, Cambodia has adopted two Geographical Indications (GIs) and is eager to develop more. However, Cambodia is already running into difficulties in enforcing rules for the two GIs and needs to strengthen its rules implementation and enforcement capacity before the positive turns into a negative.

Cambodia has two Anukrets at the drafting stage focusing on enforcement of and development of human resources for Intellectual Property Rights.

#### Objectives

This start-up project could focus on two main objectives:

- a. Adoption of the two aforementioned Anukrets
- b. Immediate development and implementation of a work plan to strengthen the capacity of relevant line ministry officials in enforcing Geographical Indications both at the producer and distributor/exporter/retailer level

### Cluster #1 Strategic Objective

This start up project would contribute to Strategic Objective 2 of Cluster #1

#### **4. Formulate a Trade Policy**

##### Situation Analysis

Cambodia lacks a clear Trade Policy to respond to the flurry of changes happening in its regional trade environment. RCEP, TPP, the EU-Vietnam FTA, a possible EU-Thailand FTA, the granting of EU's EBA to Myanmar, and yet other developments are rapidly changing the competitive environment for Cambodia. During 2013-2014, Cambodia received support from UNCTAD focusing especially on the issue of changing Rules of Origins.

##### Objectives

There is a need for Cambodia to build on work carried out under CTIS 2014-2018, the parallel assistance received from UNCTAD, as well as the forthcoming impact studies requested by MoC's Senior Minister to the World Bank and to begin formulating a more explicit Trade Policy Framework. While MoC should take the leadership in leading this effort, there will need to be close cooperation with MEF and certain key line ministries. The objectives of this possible start-up project should be simple:

- a. Identify the team responsible for managing the overall research and drafting of the policy
- b. Set up a work plan, identify needed resources including possible experts, and begin appropriate research
- c. Draft the policy

### Cluster #1 Strategic Objective

This start up project would contribute to Strategic Objective 3 of Cluster #1

#### Cluster Funding and Implementation Modalities

A fund in the approximate amount of US\$ 4 to 5 million for the period 2016-2020 should provide fairly significant resources to make progress on the broad range of issues captured under this Cluster.

Implementation Modalities for such fund could replicate those used for the TDSP with some changes, including making the structure lighter, more effective, and quicker in disbursing resources. For example, the Fund could follow a procedure used by the EU in many developing countries where a "Service Contractor" is recruited in parallel to the establishment of a Trust Fund to work hand-in-hand with the Trust Fund recipient agency, to provide oversight of the implementation of procurement and other fiduciary rules, as well as to contribute senior expertise on one or two of the critical technical issues targeted by the Trust Fund.

DICO will continue to engage IAs for the implementation of any project approved under Cluster #1, including the proposed start-up projects, to ensure continued ownership of the SWAp not only by MoC but by all relevant Government ministries and agencies. In addition, DICO shall seek to engage relevant IAs in the private or NGO sector. DICO will make best efforts to build from the capacity developed over the past five years among IAs through TDSP, EIF, and other technical assistance support. DICO will provide support to IAs in preparing and customizing project proposals.

The Department of International Cooperation (DICO) of Ministry of Commerce has acquired considerable experience in implementing the TDSP both from a financial and technical point of view. As a rule, all projects financed by the Trust Fund are procured by DICO on behalf of the beneficiary agencies (also called Implementing Agencies or IAs.) Mechanisms are in place to procure services following international

procurement and tender practices. Large procurements are carried out by an International Procurement Agent; smaller ones, by DICO itself. Mechanisms are in place for strict accounting and financial reporting to the Ministry, the Implementing Agencies, and the Donors. Substantive work plans are developed on an annual basis. DICO has acquired technical expertise in supporting Implementing Agencies in the preparation of proposals and, conversely, many IAs have learned to develop proposals following a logframe approach.<sup>4</sup>

---

<sup>4</sup> See, RGC, Ministry of Commerce, and World Bank, *Making the TDSP Work: TDSP Operations and Implementation Manual*, Revised January 23, 2015

# **Trade Facilitation and Transport Logistics**



## **Cluster 2**

**MTP 2016-2020**

## BACKGROUND

### *Cambodia Trade SWAp Roadmap 2014-2018 and Cambodia Medium Term Plan for Aft*

Since 2007, the Royal Government of Cambodia (RGC) has been implementing a Trade Sector-wide Approach (Trade SWAp) to enhance coordination of its efforts in the trade area and the technical assistance provided by its Development Partners.

To this date, the RGC has received direct support from the European Union, Danida and UNIDO in the form of a Trust Fund executed by the Ministry of Commerce (MoC) – the Trade Development Support Program or TDSP – and from the Enhanced Integrated Framework (EIF) Tier 1 and Tier 2 Funds implemented and/or supervised by MoC's Department of International Cooperation (DICO.) In addition, to a greater or lesser extent, various multilateral and bilateral donors – including the World Bank, the Asian Development Bank, USAID, the EU Country Program, JAICA, Danida, Sida, ADB, Ausaid, and others – have sought to align TA support under their own management with the objectives of the Trade SWAp.

In 2013, the RGC decided to proceed with the second update of its Diagnostic Trade Integration Study – Cambodia Trade Integration Strategy 2014-2018 or CTIS 2014-2018 – and the update of its Trade SWAp Roadmap. CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 were launched by Prime Minister Samdech Hun Sen on February 18, 2014.

In early 2015, MoC requested the assistance of UNDP to prepare a Medium Term Action Plan (MTP) for Aid for Trade for the period 2015-2020. The objective of an MTP is for countries to identify progress on their Action Plan, areas where technical assistance is already in place as well as areas where additional assistance maybe required. UNDP assembled a team of three experts and, in April 2015, the UNDP-MTP team conducted an in-depth review of progress made by Cambodia in implementing its Trade SWAp Roadmap during the 14 month period since its launch by the Prime Minister.

Based on the findings from the April 2015 review, the UNDP team identified ten possible clusters where additional AFT would be required. The ten clusters were validated by Cambodian stakeholders and submitted by DICO to the Senior Minister, Minister of Commerce for his review. On June 23, 2015, the Senior Minister, in his capacity as Chairman, reviewed the list of ten clusters with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment which is the ultimate body to which the Trade SWAp reports. Following that meeting, the Senior Minister instructed DICO to ask the UNDP Team to prepare Concept Notes for five of the ten clusters. The purpose of each Concept Note is to provide guidance for discussions between MoC and Development Partners on where, why, how, and how much additional Aft might be required to progress further against the actions, objectives, and targets identified in the Trade SWAp Roadmap.

The five priority clusters identified by the Senior Minister and members of the Sub-Steering Committee are:

1. Trade Policy, Sector Policy, Legal and Regulatory Reform
2. Trade Facilitation and Transport Logistics
3. SPS and Other Quality Systems for Trade
4. Private Sector Structuring
5. Development of Inclusive Value Chains

#### Situation Analysis for Cluster #2

## **Major Themes and Linkages to National Policies and Objectives**

As noted in Chapter 2 of Cambodia Trade Integration Strategy 2014-2018 (CTIS 2014-2018), Cambodia has made very significant progress in the area of trade facilitation during the past six or seven years. Many of the key activities identified in the 2004 Twelve Point Action Plan have been completed. Some of the results include:<sup>1</sup>

- More than 50% of imports entered the country at Customs points through the Blue Channel in 2012, while only 18% came in through the Red Channel. Likewise, on the export side, 86% went out through the Blue Channel and only 2% were stopped at the Red Channel.
- As a result of simplification, export documents were reduced to 9 in 2013, down from 55 in 2006
- Time to export was down to 22 days in 2013, from more than 40 days in 2006

These and other progress are due to many measures implemented by the Government in recent years, including, but not limited to the introduction of ASYCUDA, Risk Management techniques, and other reforms.<sup>2</sup> ASYCUDA is now installed in more than 50 Border Points and captures more than 90 % of all declarations.<sup>3</sup> While Cambodia fares relatively well when compared to other LDCs in the region, there is still room for improvement against the ASEAN-6. Among them is the need to implement a National Single Window (NSW) conform to ASEAN requirements, further improvements in risk management and introduction of a system of Authorized Economic Operators (AEOs), improvements in customs valuation, and other reforms.<sup>4</sup>

On the trade logistics side, progress is more limited. No doubt this is linked in part to the fact some of the expected progress should also be the result to investment in new or refurbished infrastructure which, in turn, require large investments.

Time and unit cost (\$/MT) on the main land corridors remain relatively high. Cambodia lacks a National Trade Logistics Plan. The plan should be guided, in part, by the ASEAN Framework Agreement for Facilitation of Goods in Transit (AFAFGIT) and ASEAN's Connectivity Master Plan to support Cambodia greater integration into the AEC market.<sup>5</sup>

## **Major Initiatives, Actions Already Taken, and Support Already Received**

Progress in the area of trade facilitation has come from a clear understanding by Government that improvements in trade facilitation are critical to the competitiveness of Cambodia's exporters and, more broadly, Cambodia's economy. Since the mid and late 2000s, Cambodia's Customs and Border Agencies have received significant TA support from the IMF, Japan, the EU, Australia, the World Bank and the TDSP in areas as diverse as Customs Valuation, Risk Management, simplification of customs procedures, installation of ASYCUDA, and other measures. Going forward, there is a need to establish an ASEAN-conform NSW requiring an upgrading of ASYCUDA to ASYCUDA-World (underway), computerization of key documents such as certificates of origin and sanitary and phytosanitary certificates (under way with TDSP funding), establishment and strengthening of an AEO system, Advance Rulings, Post Clearance Audits, etc. In addition, there is going to be a need for Cambodia to put in place required systems to implement the "self-certification" CO system to be required from EU starting in 2017. Cambodia has been designated as a pilot country for the first phase of the new system.

Trade logistics is at a much earlier stage of focused attention by Government. However, under the mechanisms being set up by CDC to implement the Industrial Development Policy, a Working Group on Logistics

1 Source: GDCE. See table page 56, Cambodia Trade Integration Strategy 2014-2018

2 Cambodia Trade Integration Strategy 2014-2018, table pp 54-56 for a detailed description of reform measures implemented in recent years.

3 Source: GDCE

4 Cambodia Trade Integration Strategy 2014-2018, pp 63-67 for a detailed discussion of priority reforms for the future.

5 See Chapter 3 in Cambodia Trade Integration Strategy 2014-2018 for a more detailed discussion of some of the issues.

has been established. The Ministry of Public Works and Transport (MoPWT) has been designated to lead the formulation of a National Plan. However, MoPWT is aware that such plan will require coordination among a number of key agencies including GDCE, MoC, MAFF, Autonomous Ports, and others and that leadership at the most senior level in government will be required. The CDC/IDP Working Group on Logistics is expected to flesh out issues to make progress in this area. At present donors involved in this area in the past (e.g. JICA, ADB, Ausaid, others) are mostly waiting to see progress at government level before identifying where they might provide new support. In all likelihood, it will take several development partners to make progress on that front and this is another area where funds mobilized through Trade SWAp should be able to help.<sup>6</sup> For now, JICA is planning to update its earlier 2010 survey of transit time and costs for major cargo transport on key transit routes. The JICA survey is planned for December and release of findings early in Q2-2016.

In the area of legal reform supportive of trade facilitation and logistics, there are two areas requiring attention. First, Government needs to follow up on the adoption of the WTO-Trade Facilitation Agreement (TFA) by the National Assembly and, in line with this, notify the WTO its Category A measures. The current target is to have the National Assembly adopt the WTO-TFA prior to the next WTO Ministerial Conference and to proceed with notification of Category A measures at the time of the Conference. Thereafter, Government will need to focus on Categories B and C measures. Cambodia has received technical support from the WTO to start the categorization work. Meanwhile, there is a need to progress on the implementation of ATIGA related measures some of which will require assistance.

### Strategic Objectives for Cluster #2

In view of partial progress accomplished thus far against the objectives set out in the Trade SWAp Roadmap that address Trade Facilitation and Logistics, more work is needed and additional TA support is required to do so. To address the outstanding needs identified above, Cluster #2 will focus on three Strategic Objectives captured under two main Outcomes and related Actions identified in the Trade SWAp Roadmap. Specifically:

Strategic Objectives for Cluster #2	
1.	Implement Cambodia National Single Window (NSW)
2.	Formulate and Implement National Trade Logistics Plan
3.	Implement ATIGA and the WTO Trade Facilitation Agreement ("Bali Package")

Key Performance Indicators (KPI) for each can be drawn directly from the Trade SWAp Roadmap as shown below. Baselines shown are the original March 2014 baselines in the Trade SWAp Roadmap. Targets are also those shown in the Trade SWAp Roadmap. Clearly in nearly all cases deadlines need to be extended as more work is needed to achieve progress.

Strategic Objectives for Cluster #2		
KPIs	Baseline as of March 2014	Target
1. Implement Cambodia National Single Window (NSW)		

<sup>6</sup> On the important infrastructure investment side, though somewhat outside the focus of Trade SWAp, there is ongoing Japanese assistance investment in Sihanoukville Port, French assistance investment in Phnom Penh Airport, various road investments, and a current standstill in further refurbishing of the rail network as a new partner needs to be found following the end of Ausaid assistance and exhaustion of ADB funding.

<p><b>Outcome 2: Trade Facilitation</b></p> <p>Cambodia increases its competitiveness through reduced import/export cost</p>	2011 Cambodia import/export cost is 136% ASEAN-6 average (from WB/IFC Doing Business)	2018 Cambodia import/export cost reduced to 120% ASEAN-6 average (\$552/container in Doing Business 2012)
	2011 Cambodia time for cargo release is 24 days compared to 16 days for ASEAN-6 average	2018 time for cargo release reduced to ASEAN-6 average
<p><b>Outcome 2 (Trade Facilitation) STIA 2:</b></p> <p>Cambodia progresses towards full computerization of trade related documents</p> <p>(same as Outcome 7, STIA 5; Outcome 8, STIA 5; Outcome 9B, STIA 2; Outcome 12, STIA 9; Outcome 13, STIA 6; Outcome 14, STIA 8)</p>	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015
<p><b>Outcome 2 (Trade Facilitation) MTIA 2:</b></p> <p>Cambodia implements its updated Trade Facilitation Action Plan including establishment of a National Single Window</p>	No National Single Window as of 2013. Issuance of key documents partly automated.	National Single Window (NSW) compliant with ASEAN requirements has been implemented by 2018
<p><b>Outcome 2 (Trade Facilitation) MTIA 3:</b></p> <p>Cambodia progresses towards full computerization of trade related documents</p> <p>(same as Outcome 12, MTIA 6; Outcome 13, MTIA 7; Outcome 14, MTIA 4)</p>	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed online
<p><b>Outcome 2 (Trade Facilitation) MTIA 4:</b></p> <p>Extend Risk Management System to non-Customs agencies</p>	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018
<b>2. Formulate and Implement National Trade Logistics Plan</b>		
<p><b>Outcome 3: Trade Logistics</b></p> <p>Cambodia increases its competitiveness through improved trade logistics</p>	On the two major land trade corridors, average speed for trade logistics is 22.15 Kmh, transport cost is \$0.11/MT/Km and logistics cost is \$0.2/MT/Km in 2012	2018 Speed for trade logistics rises to 25 Kmh, transport cost decreases to \$0.7/MT/Km, logistics cost decreases to \$0.15/MT/Km (at constant prices)
<p><b>Outcome 3 (Trade Logistics) STIA 1:</b></p> <p>A National Transportation Logistics Plan is developed and implemented</p>	No comprehensive plan formulated	Comprehensive plan has been developed. Plan is linked to existing ASEAN frameworks such as the "Roadmap for the Integration of Logistics Services"

<p><b>Outcome 3 (Trade Logistics)</b> <b>MTIA 1:</b></p> <p>A National Transportation Logistics Plan is implemented</p>	Comprehensive Plan has been developed	A National Transportation Logistics Plan is implemented with performance indicators. Annual reviews of indicators are carried out
<p><b>Outcome 3 (Trade Logistics)</b> <b>MTIA 2:</b></p> <p>Improve transport regulations on: liabilities, axle loads limits, drivers' qualifications and conditions, safety standards</p>	Most regulations are lacking or need to be reviewed	Regulations in line with international standards are adopted and implemented
<p><b>Outcome 3 (Trade Logistics)</b> <b>MTIA 3:</b></p> <p>Work with ASEAN to establish a regional third party liability insurance scheme</p>	No third party liability insurance scheme in place	Third party liability insurance scheme in place
<p><b>Outcome 3 (Trade Logistics)</b> <b>MTIA 4:</b></p> <p>Introduce road fleet modernization scheme</p>	No policy currently in place to promote road fleet modernization.	A policy for road fleet modernization has been developed by RGC with some clear targets identified
<b>3. Implement ATIGA and the WTO Trade Facilitation Agreement ("Bali Package")</b>		
<p>Outcome 2 (Trade Facilitation) STIA 4:</p> <p>Cambodia is taking steps to implement the WTO Agreement on Trade Facilitation</p>	An Agreement on Trade Facilitation was approved as part of the "Bali Package" endorsed during the December 2013 WTO Ministerial Conference. The agreement contains special provisions for LDCs	By June 2015, Cambodia has notified the WTO as to which of its trade facilitation reform actions will fall in Categories A, B, and C of the Agreement respectively
<p><b>Outcome 2 (Trade Facilitation)</b> <b>MTIA 6:</b></p> <p>Cambodia is taking steps to implement the WTO/Bali Agreement on Trade Facilitation</p>	By June 2015, Cambodia has notified the WTO as to which of its trade facilitation reform actions fall in Categories A, B, and C of the Agreement respectively	By June 2017, Cambodia has notified the WTO of the arrangements entered into with DPs regarding TA needed to support implementation of Category C Actions
<p><b>Outcome 2 (Trade Facilitation)</b> <b>MTIA 5:</b></p> <p>Establish an Authorized Economic Operators (AEO) System</p>	AEO regime is not yet implemented	AEO regime in keeping with Cambodian compliance management needs is fully implemented by 2018
<p><b>Outcome 1 (Legal Reform)</b> <b>STIA 9:</b></p> <p>Legal measures to ensure compliance with ATIGA (Art. 56 on Authorized Operators, Art. 62 on Advance Rulings, Art. 61 on Post Clearance Audit, Art. 57 on Customs Valuation) have been adopted</p>	Prakas on Advance Ruling issued by GDCE in January 2013. No or limited action taken elsewhere	Full compliance with ATIGA is achieved by the end of 2015

**Source:** Cambodia Trade SWAp Roadmap, 2014-2018

**Note:** STIA = Short-Term Indicative Action in the Trade SWAp Roadmap; MTIA = Medium Term Indicative Action

## Possible Start-up Projects for Cluster #2

Work is already underway in a number of key areas of Trade Facilitation and Logistics with both donor funding and government funding. Still a couple of start-up projects ("Low-Hanging Fruits") could be launched in support of the strategic objectives identified for this Cluster.

### 1. Review Arrangements among Cambodian Border Agencies and with Vietnamese and Thai Counterparts Agencies to Create Shared Border Point Offices/Facilities at Key Crossings

#### Situation Analysis

In addition to the implementation of computerized documentation systems that are key to the NSW, and as part of an integrated ASEAN border point system to facilitate the movement of goods within the AEC region, ASEAN plans to put in place shared Border Point offices and facilities as already exists in other regional markets in the world. The notion is to have two neighboring countries sharing a single facility on the importing side. For instance, Vietnamese border officials would be located in a facility located on the Cambodian side for goods exported from Vietnam and imported into Cambodia. Vice-versa, Cambodian border officials would be located on the Vietnamese side for goods exported from Cambodia and imported in Vietnam.

#### Objectives

GDCE is experimenting with such a scheme in Bavet. This small start-up project could usefully:

1. Draw lessons on current limitations, challenges, impediments to improving the scheme
2. Develop an agenda for more detailed discussions with Vietnamese officials on improving implementation of the scheme
3. Develop a feasibility study for expanding the scheme to other Border Points

#### Cluster #2 Strategic Objective

This start up project would contribute to Strategic Objective 1 of Cluster #2

### 2. Assessment of Other Trade-Facilitation-related Documents not yet Computerized

#### Situation Analysis

As mentioned previously, GDCE is in the process of upgrading ASYCUDA to ASYCUDA-World. In addition, MoC and MAFF have procured service contractors to put online the processing and issuance of COs and SPS Certificates.

#### Objectives

This startup project could target focus on identifying other documents for which processing and issuance is not yet computerized, but that will need to be put online. The project could then develop feasibility studies to serve as background for possible tenders for computerization.

#### Cluster #2 Strategic Objective

This start up project would contribute to Strategic Objective 1 of Cluster #2

### 3. Support Initial Work on National Trade Logistics Plan

#### Situation Analysis

Cambodia lacks a much needed National Trade Logistics Plan. This need was identified in CTIS 2014-2018 and again as part of the early work to implement the 2015 Industrial Development Strategy, including the creation of a Working Group on Logistics.

## Objectives

The inter-ministerial discussion on how best to organize and lead the formulation of a National Trade logistics plan are still underway. Still, this startup project could target resources to the task force responsible for developing a plan once the aforementioned inter-ministerial discussion has progressed and arrived at actionable conclusions – hopefully early in 2016.

The project could also support mechanisms for robust consultations between Government officials and private sector representatives for the latter's input into the formulation of the Logistics Plan.

### Cluster #2 Strategic Objective

This start up project would contribute to Strategic Objective 2 of Cluster #2

#### **4. Institutional Arrangements and Assistance Modalities for TFA Implementation in Cambodia**

##### Situation Analysis

The Government is targeting for the National Assembly to adopt the WTO-TFA prior to the forthcoming WTO Ministerial Conference (Nairobi, December 15-18, 2015) and proceed with notification of Category A measures at the time of the Conference. Thereafter, Government will need to focus on Categories B and C measures.

## Objectives

This start up project could serve to set up clear institutional arrangements for future implementation and monitoring of implementation of the TFA as well as map out Categories B and C reforms, possible sources of technical assistance support, possible timelines, etc.

### Cluster #2 Strategic Objective

This start up project would contribute to Strategic Objective 3 of Cluster #2

#### Cluster Funding and Implementation Modalities

A fund in the approximate amount of US\$ 5 million for the period 2016 -2020 should provide fairly significant resources to make progress on the broad range of issues captured under this Cluster, taking into account the fact that several bilateral and multilateral donors are likely to fund directly future activities in this cluster.

Implementation Modalities for such fund could replicate those used for the TDSP with some changes, including making the structure lighter, more effective, and quicker in disbursing resources. For example, the Fund could follow a procedure used by the EU in many developing countries where a "Service Contractor" is recruited in parallel to the establishment of a Trust Fund to work hand-in-hand with the Trust Fund recipient agency, to provide oversight of the implementation of procurement and other fiduciary rules, as well as to contribute senior expertise on one or two of the critical technical issues targeted by the Trust Fund.

DICO will continue to engage IAs for the implementation of any project approved under Cluster #2, including the proposed start-up projects, to ensure continued ownership of the SWAp not only by MoC but by all relevant Government ministries and agencies. DICO will make best efforts to build up from the capacity developed over the past five years among IAs through TDSP, EIF, and other technical assistance support. In addition, DICO shall seek to engage relevant IAs in the private or NGO sector. DICO will provide support to IAs in preparing and customizing project proposals.

The Department of International Cooperation (DICO) of Ministry of Commerce has acquired considerable experience in implementing the TDSP both from a financial and technical point

of view. As a rule, all projects financed by the Trust Fund are procured by DICO on behalf of the beneficiary agencies (also called Implementing Agencies or IAs.) Mechanisms are in place to procure services following international procurement and tender practices. Large procurements are carried out by an International Procurement Agent; smaller ones, by DICO itself. Mechanisms are in place for strict accounting and financial reporting to the Ministry, the Implementing Agencies, and the Donors. Substantive work plans are developed on an annual basis. DICO has acquired technical expertise in supporting Implementing Agencies in the preparation of proposals and, conversely, many IAs have learned to develop proposals following a logframe approach.<sup>7</sup>

---

<sup>7</sup> See, RGC, Ministry of Commerce, and World Bank, Making the TDSP Work: TDSP Operations and Implementation Manual, Revised January 23, 2015

# SPS and Other Quality Systems for Trade



3  
Cluster

MTP 2016-2020

## BACKGROUND

### ***Cambodia Trade SWAp Roadmap 2014-2018 and Cambodia Medium Term Plan for Aft***

Since 2007, the Royal Government of Cambodia (RGC) has been implementing a Trade Sector-wide Approach (Trade SWAp) to enhance coordination of its efforts in the trade area and the technical assistance provided by its Development Partners.

To this date, the RGC has received direct support from the European Union, Danida and UNIDO in the form of a Trust Fund executed by the Ministry of Commerce (MoC) – the Trade Development Support Program or TDSP – and from the Enhanced Integrated Framework (EIF) Tier 1 and Tier 2 Funds implemented and/or supervised by MoC's Department of International Cooperation (DICO.) In addition, to a greater or lesser extent, various multilateral and bilateral donors – including the World Bank, the Asian Development Bank, USAID, the EU Country Program, JAICA, Danida, Sida, ADB, Ausaid, and others – have sought to align TA support under their own management with the objectives of the Trade SWAp.

In 2013, the RGC decided to proceed with the second update of its Diagnostic Trade Integration Study – Cambodia Trade Integration Strategy 2014-2018 or CTIS 2014-2018 – and the update of its Trade SWAp Roadmap. CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 were launched by Prime Minister Samdech Hun Sen on February 18, 2014.

In early 2015, MoC requested the assistance of UNDP to prepare a Medium Term Action Plan (MTP) for Aid for Trade for the period 2015-2020. The objective of an MTP is for countries to identify progress on their Action Plan, areas where technical assistance is already in place as well as areas where additional assistance maybe required. UNDP assembled a team of three experts and, in April 2015, the UNDP-MTP team conducted an in-depth review of progress made by Cambodia in implementing its Trade SWAp Roadmap during the 14 month period since its launch by the Prime Minister.

Based on the findings from the April 2015 review, the UNDP team identified ten possible clusters where additional Aft would be required. The ten clusters were validated by Cambodian stakeholders and submitted by DICO to the Senior Minister, Minister of Commerce for his review. On June 23, 2015, the Senior Minister, in his capacity as Chairman, reviewed the list of ten clusters with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment which is the ultimate body to which the Trade SWAp reports. Following that meeting, the Senior Minister instructed DICO to ask the UNDP Team to prepare Concept Notes for five of the ten clusters. The purpose of each Concept Note is to provide guidance for discussions between MoC and Development Partners on where, why, how, and how much additional Aft might be required to progress further against the actions, objectives, and targets identified in the Trade SWAp Roadmap.

The five priority clusters identified by the Senior Minister and members of the Sub-Steering Committee are:

1. Trade Policy, Sector Policy, Legal and Regulatory Reform
2. Trade Facilitation and Transport Logistics
3. SPS and Other Quality Systems for Trade
4. Private Sector Structuring
5. Development of Inclusive Value Chains

#### ***Situation Analysis for Cluster#3***

## Major Themes and Linkages to National Policies and Objectives

Cambodia's exports of agricultural commodities and imports of agricultural inputs and semi-processed and processed food are increasing rapidly. While at an early stage exports of agricultural commodities targeted primarily Vietnam and Thailand (mostly through informal exports), Cambodia has begun to move up the value chain into some semi-processed or processed exports targeting new markets within the region (i.e. China, Malaysia) or in developed countries (e.g. EU, Australia, Japan) with much higher SPS requirements.

On the import side, Cambodia remains heavily dependent on import other countries for core inputs (seeds, pesticides, fertilizers), vegetables, or processed food (due to lack of a develop sector in the country.)

Cambodia's infrastructure for SPS and other quality systems remains underdeveloped in the face of those rapid changes. Weaknesses are in three main areas:

1. The lack of a coherent legal and regulatory framework
2. Limited efforts to develop a value chain approach to SPS capacity that focuses on all stages of the food production process from "farm" to "fork"
3. The lack of Cambodia-based testing facilities that internationally accredited

The current legal framework of SPS and TBTs remain a patch-work of overlapping legislations, often non-WTO compliant and characterized by conflicting jurisdictions across different line ministries and agencies. The Anukret that split the former MIME into two ministries (Industry and Handicraft; Mine and Energy) helped address one conflict between the National Accreditation Board and the Institute of Standards but many inconsistencies remain. For instance, Cambodia has no functioning CODEX Committee as its duties are largely preempted by the Law on Standards.

A few years back an Inter-ministerial Prakas was adopted to clarify and better delineate responsibilities of line ministries and agencies in the area of SPS to eliminate duplication. This was a useful exercise but, largely, undermined by the fact that line ministries continue to operate on the basis of existing Laws that contradict the Inter-ministerial Prakas.

Efforts to put in place a structured approach to SPS controls from "farm" to "fork" remain a patchwork with some progress in certain areas and still a blank slate in others. Yet, the lack of a coherent structure in place throughout the full food value chain is restricting Cambodia's capacity to become a major exporter of agricultural commodities as well as hurting its domestic consumers or even its effort to further develop its tourism sector.

A fair amount of investment has already taken place with donor support in laboratory capacity. As of yet only two laboratories are internationally accredited for a narrow number of parameters. To make this significant investment pay-back, there is a need for RGC to develop a plan to bring both human and financial resources to support such investment. Running labs costs money because of the need to acquire supplies to run tests. In addition running labs required trained and better paid personnel, which is often lacking. At present, RGC has no coherent approach for coordinating and supporting investment in labs. In addition, RGC needs a coherent approach to international accreditation of a larger number of labs and for a much large number of parameters for which investment in equipment has already been made.

## Major Initiatives, Actions Already Taken, and Support Already Received

Cambodia received technical support in the past (mid 2000s) to develop a WTO-compliant Law on Standards. Unfortunately, much of that advice was ignored when the final Law was adopted. A fair amount of the necessary knowledge to make the Law compliant has likely been lost due to movement of personnel and some additional external expertise may be required at this stage. The current Senior

Minister, Minister of Industry and Handicraft is pushing to get his ministry to revise the Law.

Camcontrol (Ministry of Commerce) has recently received technical support from FAO to draft a Food Law. The current draft is being reviewed by experts in Rome at the FAO Headquarters. But there remain significant open issues around the Law, including which should be the implementing institution. There are some discussions at present looking at the possibility of creating a Food and Drug Administration by merging several line agencies into a super agency.

Meanwhile, MAFF's Departments responsible for Plant and Animal Health are seeking to finalize legislations focusing on Plant Safety and SPS as well as Animal Health and SPS that have been at the drafting stage for quite some time.

Overall, there is a need for Government to find ways to bring coordination to those many related efforts if Cambodia is to end with a working, WTO-compliant set of legislations, rather than the current uncoordinated legal framework.

A working SPS infrastructure has to be seen in term of controls, oversights, and support at every stage of the agricultural and food value chains. Efforts are underway with support from several development partners. Specifically, USAID is working with MAFF to strengthen the extension officer system. With TA support from ADB, MAFF is at an early stage of introducing GAP (Good Agricultural Practice) based on ASEAN-GAP (ASEAN-GAP is largely aligned on Global GAP) and is developing a network of provincial IPM (Integrated Pest Management) coordinators. The ADB loan is also focusing on development of surveillance systems and strengthening the curriculum in RUA. A Mid-Term Review is expected shortly to measure progress, remaining areas requiring support, and possible needs for TA beyond the current loan. Through EIF-Tier 2 funding combined with EU-funding, IFC has helped 13 large rice millers acquire GMP-HACCP certification. According to TUV-Rhineland, the main private sector certifier for HACCP in Cambodia, another 5 to 7 large millers should be able to achieve certification in the very near future. Other key agricultural export sectors are less well advanced however (e.g. cassava, corn, fisheries, others.) Likewise, implementation of key food safety and sanitary methods remain quite limited in the food processing and food retail sectors.

With support from ADB, MoH is at the early stage of a large scale program to train retail and restaurant establishments in basic food safety measures. The program will be accompanied by the introduction rating system of retail and restaurant establishments (grades A – excellent, B – good, C – okay, F – fail) common to those employed in many other countries.

Donors such as EU, ADB, JAICA, and others have provided large amounts of resources to build up laboratory capacity in line agencies and ministries involved with SPS and TBT. Yet only two Government labs have achieved international certification for a very narrow set of parameters (ILCC under MoIH and the NSLH in MAFF's General Directorate for Rubber.) From an export point of view, absence of international accreditation means that certificate issues by such labs has no value in export markets. Yet, RGC lacks a clear strategy to bring about widespread international accreditation of labs in Cambodia meaning that investment in those remain widely underutilized.

### **Strategic Objectives for Cluster #3**

Despite progress accomplished thus far against the objectives set out in the Trade SWAp Roadmap, more work is needed and additional TA support is required to do so. To address the outstanding needs identified above, Cluster #3 will focus on three Strategic Objectives captured under Outcome 4 and various Actions identified in the Trade SWAp Roadmap. Specifically:

#### **Strategic Objectives for Cluster #3**

1. Establish a coherent WTO- and ASEAN-compatible legal and regulatory framework for SPS and other quality systems

2. Enhance systems and structures to develop adoption of SPS standards and practices throughout the entire food value chain from “farm-to-fork”, including strengthening SPS practices at farm, producer, and retailer levels
3. Achieve international accreditation of Cambodian laboratories for relevant parameters

Key Performance Indicators (KPI) for each can be drawn directly from the Trade SWAp Roadmap as shown below. Baselines shown are the original March 2014 baselines in the Trade SWAp Roadmap. Targets are also those shown in the Trade SWAp Roadmap. Clearly in nearly all cases deadlines need to be extended as more work is needed to achieve progress.

<b>Strategic Objectives for Cluster #3</b>		
<b>KPIs</b>	<b>Baseline as of March 2014</b>	<b>Target</b>
<b>1. Establish a coherent WTO- and ASEAN-compatible legal and regulatory framework for SPS and other quality systems</b>		
<b>Outcome 4 STIA 8:</b> Legal review and recommendations for improved SPS and TBT legislation	The legal framework for SPS and TBT has many gaps, inconsistencies, unclear mandates, and quality issues. It is neither WTO- nor ASEAN-compliant	An assessment with recommendations for upgrading the legislative framework for SPS and TBT has been completed by 2015
<b>Outcome 4 STIA 9:</b> Amend legislation on Standards to make it WTO-compliant	Law on Standards not WTO-compliant	Laws on standards has been amended and is WTO-compliant by 2016
<b>Outcome 4 MTIA 1:</b> Legal framework for conformity assessment, accreditation for technical standards and SPS	No proper legal framework in place	Legal framework has been adopted compliant with WTO/ TBT and ASEAN principles and good international practice by 2018
<b>Outcome 4 MTIA 2:</b> Legal framework for food safety upgraded, including adoption and promulgation of modern food law	No proper legal framework in place	Legal framework has been adopted compliant with WTO/ SPS and ASEAN principles and good international practice by 2018
<b>Outcome 4 MTIA 6:</b> Effective SPS coordination in place	Capacity of SPS Enquiry Point, Notification Authority, Codex, IPPC and OIE contact points very limited.	SPS Enquiry Point and Notification Authority in place with (i) up-to-date website on SPS legislation and import and export requirements (could be part of National Information Portal), and (ii) notifications of new SPS measures done as required by WTO.  National Codex Committee meets regularly for food safety coordination. CODEX, IPPC, and OIE contact points functioning well by 2018

<p>2. Enhance systems and structures to develop adoption of SPS standards and practices throughout the entire food value chain from “farm” to “fork”, including strengthening SPS practices at farm, producer, and retailer levels</p>		
<p><b>Outcome 4: Technical Standards and SPS Requirements</b></p> <p>The capacity of Cambodian exporters to meet technical and SPS requirements standards set by importers and importing countries increases</p>	<p>Ratios of formal exports of milled rice, cassava, and corn to total production of each in MT reflect, indirectly, the ability of Cambodian producers/exporters to meet some, if limited, standards</p> <p>2011Rice ratio: 0.0165</p> <p>2011Cassava ratio: 0.0085</p> <p>2011Corn ratio: 0.0497</p> <p>(MoC for formal MT exports; AFSIS for total MT production)</p>	<p>The three ratios grows by a factor of ten or more by 2018 indicating significant shift from informal to formal exports</p>
<p><b>Outcome 4 STIA 2:</b></p> <p>Implementation of SPS standards (HACCP or GMP) among marine fishery product processors increases resulting in improved export competitiveness (same as Outcome 11, MTIA 1)</p>	<p>1 marine fishery product processor HACCP/GMP certified in 2013</p>	<p>12 marine fishery product processors HACCP/GMP certified in 2016</p>
<p><b>Outcome 4 STIA 3:</b></p> <p>Capacity of dried cassava processors to meet basic GMP-based standards developed through certification program (same as Outcome 13 STIA 5)</p>	<p>No certification system in place</p>	<p>Certification system in place for processors that produce for demanding export markets in 2016</p>
<p><b>Outcome 4 STIA 6:</b></p> <p>Surveillance of trans-boundary animal diseases</p>	<p>No formal system in place in 2013, except for Avian Flu</p>	<p>Formal surveillance system in place in targeted regions for FMD (foot and mouth disease), CSF (classical swine fever), and PRRS (porcine reproductive and respiratory syndrome). Evidence of regular monitoring and reporting to OIE by 2016</p>
<p><b>Outcome 4 MTIA 3:</b></p> <p>Surveillance and testing of primary food products at primary production and processing level</p>	<p>No formal system in place in 2013</p>	<p>Formal MAFF surveillance system in place and evidence of regular monitoring with contributions to MoC and MoH for integration in the on-going annual report on the food safety situation in Cambodia and reporting to INFOSAN and ARASFF by 2018</p>
<p><b>Outcome 4 MTIA 4:</b></p> <p>Surveillance of residues of veterinary drugs and growth enhancers in meat products and feed</p>	<p>No formal system in place in 2013</p>	<p>Formal annual surveillance system in place and evidence of regular monitoring by 2018</p>

See additional Actions Outcome 4, MTIA 8 and 9 for food safety in corn; Outcome 4 MTIA 10 on quality control of imported yarn in silk (same as Outcome 16, STIA 3); Outcome 4 MTIA 11 for food safety in food processing facilities (same as Outcome 10 MTIA 3)

3. Achieve international accreditation of Cambodian laboratories for relevant parameters		
<b>Outcome 4 STIA 10:</b> Strategy to support development of regulatory SPS laboratories	No national plan, no coordination	Action Plan for development of regulatory food testing laboratories ready by 2016
<b>Outcome 4 MTIA 14:</b> Public funding of SPS and Technical Standards related tasks enhanced	Funding for "public goods", including necessary SPS and Technical Standards tasks is inadequate	An enhanced public funding output-based system, including transparent, advertised, WTO-compatible fees-for-services in place to secure adequate resources for key SPS and Technical Standard functions by 2018
<b>Outcome 4 MTIA 5:</b> FiA is upgraded, qualifies as "competent authority" for EU, and can support exports of fisheries products to EU (same as Outcome 11 MTIA 2)	Export of fisheries products to EU not yet possible. Public management of SPS for fisheries weak	FiA has been recognized as EU "competent authority" and can support Cambodian exporters targeting EU markets by 2018
<b>Outcome 17 MTIA 2:</b> Greater availability of SPS specialists to support exports and protecting health of crops livestock and consumers	Universities lacks curriculum focusing on plant health, animal health and food safety to train SPS specialists	Specialization stream on plant pest and disease, animal pest and disease, food safety specialization established in RUA with dedicated curriculum for the three areas and associated teaching materials

**Source:** Cambodia Trade SWAp Roadmap, 2014-2018

**Note:** STIA = Short-Term Indicative Action in the Trade SWAp Roadmap; MTIA = Medium Term Indicative Action

### **Possible Start-up Projects for Cluster #3**

Several start-up projects ("Low-Hanging Fruits") could be launched immediately in support of the strategic objectives identified for this Cluster.

#### **1. Amend and Adopt a WTO-Compliant Law on Standards**

##### Situation Analysis

Cambodia's current Law on Standards continues to deviate from obligations undertaken as a result of the country's Accession to the WTO. The Anukret adopted to split the former MIME into two ministries has made it possible for MoH to separate the Accreditation Board from ISC – a key point of contention under the current Law. Still other areas in the current Law needs to be amended. In addition, significant overlaps between this Law and other related laws especially in the food safety area need considerable clarification (see Project Start-up on Food Law.)

##### Objective

This start-up project has one objective, namely amendment and adoption of an amended, WTO-compliant law by the National Assembly

### Cluster #3 Strategic Objective

This start up project would contribute to Strategic Objective 1 of Cluster #3

#### **2. Complete Drafting of Food Law and Assemble Group of Experts to Eliminate Contradictions and Lack of Coherence in Current SPS Framework**

##### Situation Analysis

Cambodia remains saddled by a confusing legal framework for SPS with current laws or drafts of laws often including conflicting requirements or overlapping/competing responsibilities and jurisdictions among various line ministries or agencies. The inter-ministerial Prakas UATH.BRK 868 on "The Implementation and Institutional Arrangements of Food Safety Based on the Farm to Table Approach" adopted October 22, 2010 reflects a strong effort by the RGC to clarify roles and responsibilities. Nevertheless, the Prakas is not always consistent with existing Laws, which typically guide what Government institutions do in practice rather than the Prakas itself.

In addition, the current framework remains non-compliant with WTO and ASEAN obligations.

##### Objectives

This Project Idea has two main objectives:

1. A draft Food Law has been prepared by MoC with technical assistance of the FAO. The initial draft has been sent to FAO's headquarters in Rome for comments by experts. Once comments have been received, MoC will need to organize a process of consultations with line ministries and agencies as well as private sector stakeholders. Such consultation may lead to a broader discussion about how Cambodia should organize implementation and enforcement of its Food law, possibly through the consolidation of responsibilities under a Food and Drug Administration arrangement or some other institutional set up;
2. There is a need for Cambodia to review a series of Laws, Anukrets and Prakas focusing on SPS related matters – current or at the drafting stage – to minimize contradicting provisions, overlapping jurisdictions, and non-conformity with international obligations. At a minimum, this should include the Law on Standards, the Food Law, the Law on Animal Health, the Law on Plant Health, but possibly others as well. In addition there is a need to clarify the division of responsibilities and jurisdiction between the ISC and Cambodia's CODEX Committee.

To move forward on those important tasks, Cambodia will need the support of external international experts with deep knowledge of possible models and best practices.

### Cluster #3 Strategic Objective

This start up project would contribute to Strategic Objective 1 of Cluster #3

#### **3. Adopt 250 or so ASEAN Harmonized Standards not yet Adopted by Cambodia**

##### Situation Analysis

To facilitate AEC integration, ASEAN adopted an ASEAN Policy Guideline on Standards and Conformance at the 26<sup>th</sup> ACCSQ Meeting held in Manila on August 4-5, 2005. To further progress on the objectives of the Guideline, a number of ASEAN Working Groups have adopted common ASEAN standards harmonized with international standards. As of 2015, there are some 250 or so ASEAN standards focusing on agro-based products, fisheries, cosmetics, pharmaceuticals, rubber-based products, wood-based products, electrical products, construction, medical devices and health supplement and herbal medicines.

##### Objectives

This start-up project could focus on one main objective:

1. Cambodia's National Standard Council has instructed Institute of Standards – Cambodia (ISC) to proceed with adoption and/or adjustment of the ASEAN harmonized standards within the shortest possible period. While the original target of meeting such objective by the end of 2015 is unachievable, ISC believes that, with appropriate resources, it could adopt most of the standards by the end of 2016.

There will be a need to proceed with this in a manner consistent with a division of responsibilities between ISC and Cambodia's CODEX Committee that is in line with international practices.

### Cluster #3 Strategic Objective

This start up project would contribute to Strategic Objectives 1 and 2 of Cluster #3

#### Cluster Funding and Implementation Modalities

A fund in the approximate amount of US\$ 5 to 7 million for the period 2016-2020 should provide fairly significant resources to make progress on the broad range of issues captured under this Cluster.

Implementation Modalities for such fund could replicate those used for the TDSP with some changes, including making the structure lighter, more effective, and quicker in disbursing resources. Specifically, the Fund could follow a procedure used by the EU in many developing countries where a "Service Contractor" is recruited in parallel to the establishment of a Trust Fund to work hand-in-hand with the Trust Fund recipient agency, to provide oversight of the implementation of procurement and other fiduciary rules, as well as to contribute senior expertise on one or two of the critical technical issues targeted by the Trust Fund.

DICO will continue to engage IAs for the implementation of any project approved under Cluster #1, including the proposed start-up projects, to ensure continued ownership of the SWAp not only by MoC but by all relevant Government ministries and agencies. In addition, DICO shall seek to engage relevant IAs in the private or NGO sector. DICO will make best efforts to build up from the capacity developed over the past five years among IAs through TDSP, EIF, and other technical assistance support. DICO will provide support to IAs in preparing and customizing project proposals.

The Department of International Cooperation (DICO) of Ministry of Commerce has acquired considerable experience in implementing the TDSP both from a financial and technical point of view. As a rule, all projects financed by the Trust Fund are procured by DICO on behalf of the beneficiary agencies (also called Implementing Agencies or IAs.) Mechanisms are in place to procure services following international procurement and tender practices. Large procurements are carried out by an International Procurement Agent; smaller ones, by DICO itself. Mechanisms are in place for strict accounting and financial reporting to the Ministry, the Implementing Agencies, and the Donors. Substantive work plans are developed on an annual basis. DICO has acquired technical expertise in supporting Implementing Agencies in the preparation of proposals and, conversely, many IAs have learned to develop proposals following a logframe approach.<sup>1</sup>

<sup>1</sup> See, RGC, Ministry of Commerce, and World Bank, Making the TDSP Work: TDSP Operations and Implementation Manual, Revised January 23, 2015

# Private Sector Structuring



MTP 2016-2020

## BACKGROUND

### ***Cambodia Trade SWAp Roadmap 2014-2018 and Cambodia Medium Term Plan for Aft***

Since 2007, the Royal Government of Cambodia (RGC) has been implementing a Trade Sector-wide Approach (Trade SWAp) to enhance coordination of its efforts in the trade area and the technical assistance provided by its Development Partners.

To this date, the RGC has received direct support from the European Union, Danida and UNIDO in the form of a Trust Fund executed by the Ministry of Commerce (MoC) – the Trade Development Support Program or TDSP – and from the Enhanced Integrated Framework (EIF) Tier 1 and Tier 2 Funds implemented and/or supervised by MoC's Department of International Cooperation (DICO.) In addition, to a greater or lesser extent, various multilateral and bilateral donors – including the World Bank, the Asian Development Bank, USAID, the EU Country Program, JAICA, Danida, Sida, ADB, Ausaid, and others – have sought to align TA support under their own management with the objectives of the Trade SWAp.

In 2013, the RGC decided to proceed with the second update of its Diagnostic Trade Integration Study – Cambodia Trade Integration Strategy 2014-2018 or CTIS 2014-2018 – and the update of its Trade SWAp Roadmap. CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 were launched by Prime Minister Samdech Hun Sen on February 18, 2014.

In early 2015, MoC requested the assistance of UNDP to prepare a Medium Term Action Plan (MTP) for Aid for Trade for the period 2015-2020. The objective of an MTP is for countries to identify progress on their Action Plan, areas where technical assistance is already in place as well as areas where additional assistance maybe required. UNDP assembled a team of three experts and, in April 2015, the UNDP-MTP team conducted an in-depth review of progress made by Cambodia in implementing its Trade SWAp Roadmap during the 14 month period since its launch by the Prime Minister.

Based on the findings from the April 2015 review, the UNDP team identified ten possible clusters where additional Aft would be required. The ten clusters were validated by Cambodian stakeholders and submitted by DICO to the Senior Minister, Minister of Commerce for his review. On June 23, 2015, the Senior Minister, in his capacity as Chairman, reviewed the list of ten clusters with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment which is the ultimate body to which the Trade SWAp reports. Following that meeting, the Senior Minister instructed DICO to ask the UNDP Team to prepare Concept Notes for five of the ten clusters. The purpose of each Concept Note is to provide guidance for discussions between MoC and Development Partners on where, why, how, and how much additional Aft might be required to progress further against the actions, objectives, and targets identified in the Trade SWAp Roadmap.

The five priority clusters identified by the Senior Minister and members of the Sub-Steering Committee are:

1. Trade Policy, Sector Policy, Legal and Regulatory Reform
2. Trade Facilitation and Transport Logistics
3. SPS and Other Quality Systems for Trade
4. Private Sector Structuring
5. Development of Inclusive Value Chains

#### ***Situation Analysis for Cluster #4***

#### **Major Themes and Linkages to National Policies and Objectives**

Cambodia's exports have grown very rapidly since the mid-2000s. Recorded exports of goods and services grew at a near average of 13 percent per annum between 2007 and 2011, from \$4.509 billion to \$7.335 billion. To this, CTIS 2014 estimated a possible additional \$825 million in informal exports in 2011.<sup>1</sup> While the garment and tourism sectors continued to hold a very large share of recorded exports, their combined share declined as the share of other recorded exports grew from 10 to 20 percent during the same 2007-2011 period.

Major developments behind these changes are the slowing of garment exports to the US, the rapid growth of garment exports to the EU, Canada, and Asian markets, the emergence of new manufacturing exports such as shoes, bicycles, and small electrical goods, and the growing importance of agricultural trade within the GMS and larger Asian region – and lately to other markets as well. Interestingly, the shifts registered in goods are matched by similar shifts in the tourism sector. During the same 2007-2011 period, the share of arrivals of international tourists from the Asia-Pacific region grew from 62 to 73 percent, while total arrivals grew by approximately 10 percent per annum average during those years.

The rapid growth of exports has been driven by fast growing foreign direct investment, especially in the garment, footwear and SEZ-based manufacturing assembly sectors, and the emergence of a robust domestic private sector, for instance in tourism, milled rice and a number of agro-based sectors. The challenges for the emerging Cambodian private sector seeking to compete in export markets are many. It must consolidate and deepen linkages within existing value chains in order to move up in value. It must address a serious domestic skill shortages at technical level and upper management echelons. It must improve their production capacity in order to meet international standards demanded by importing markets. It must learn how to brand their products. It must organize sector associations in order to better voice collective needs and better dialogue with Government.

The 2010 Policy Paper on the Promotion of Paddy Production and Rice Exports, the March 2015 Industrial Development Policy (IDP), the strategic identification of the current Government on the importance of bridging the skill gap – including through building a strong TVET sectors – are all important moves towards addressing the needs of the emerging Cambodian private sector. Yet, much remain to be done, not simply on the Government side but on the private sector side as well. Specifically, the private sector needs to build its own capacity to address needs of a “public-goods” nature that go beyond the individual needs of individual companies.

### **Major Initiatives, Actions Already Taken, and Support Already Received**

The ability of the private sector to articulate positions and dialogue with Government remains a work-in-progress. The creation of the Cambodian Rice Federation (CRF), under a strong push from the Ministry of Commerce, to allow the sector to speak with one voice instead of via several competing organizations has improved the sector's ability to use the G-PSF Working Group #9 to dialogue with Government. Likewise the creation of the Cambodian Tourism Federation (CTF) to federate a number of associations specific to the sector is opening opportunities for private sector investors and operators involved in tourism to develop and dialogue around shared positions in the context of the G-PSF as well. The rice sector has benefited from ongoing technical assistance support from AFD (via SNEC) and EU and EIF-Tier2 (via IFC.) The CRF is also expected to receive a direct financial support from the Government via MoC to help it build its capacity. The CTF is expecting to receive grant support from AFD as part of the larger loan package negotiated between the Government and AFD to finance the creation of a training school for the tourism sector at TVET level. Still, most associations under the CTF umbrella need capacity building.

The Cambodian Chamber of Commerce is receiving some assistance from TDSP to help it in its function as the organizer of the G-PSF process.

<sup>1</sup> *Cambodia Trade Integration Strategy 2014-2018, Full Report, page 36*

Other sectors, including Cassava and Fisheries, are at much earlier stage of developing the kind of associations that can support the development of the sectors. Both cassava and fisheries benefit from some, but limited support from EIF-Tier 2 including to address the need of sector associations and more support will be needed once those TA run out.

The skill gap is a major constraint identified by the Government as a key priority to address in the coming years. It is an area where the private sector has a role to play, typically in partnership, with Government through PPPs or other schemes. With support from an ADB TA, the Ministry of Economy and Finance is drafting a series of amendments to the Law on Concession to provide broad legal coverage for PPPs.<sup>2</sup> The ADB support will also help MEF establish a PPP unit which will provide some technical assistance to the development of PPPs.

In the area of TVET (Technical Vocational Education and Training at high-school + 2 or more) there is only one formal PPP scheme at the very early stage (Academy of Culinary Arts – Cambodia – developed with funding support from Sida and EIF-Tier 2), one industry-wide private sector scheme for an entire industry (the training center for the garment sector being organized by GMAC with some funding support from AFD), and a few NGOs training disadvantaged youth for the tourism sector (Dom Bosco, Paul Dubrule, etc.)<sup>3</sup> Sida, SDC, and ADB are working with line ministries at higher levels to encourage the development of TVET. But the need remains very large, including for a legal framework that encourages direct partnership between Government and employers.

The capacity of the emerging Cambodian private sector to promote itself in export markets remains quite limited. The rice sector is at the early stage of developing a collective mark for its high-value fragrant rice with support from AFD and IFC. Most other sectors lack collective forms of branding. While MoC's Department of Intellectual Property has launched two Geographical Indications (GIs) -- for pepper and palm sugar -- with earlier support from EU's ECAP programs as well as from WIPO, the challenge for GIs remain the enforcement of the governance rules -- which are typically even more demanding for GIs than for collective marks (see discussion in Cluster #1 Note.)

Experience from other countries show that collective marks are important at an early stage of development of an export sector when individual producers may not have the knowledge and financial means to promote their individual branding and mark. As an alternative the collective mark can provide an umbrella brand that can be promoted for the good of an entire sector.

Another key dimension of success in export markets is the ability of producers to meet international standards demanded by importers. This is especially important as Cambodia seeks to diversify its exports towards developed or middle income countries that have demanding standards. While there is some progress in this area, the needs remain vast across nearly all sectors. Of all current export sectors, the three or four sectors that are the most advanced are likely garments and footwear, SEZ-based manufacturing assembly, and milled rice. In the case of garments, footwear, and SEZ-based manufacturing assembly, the sectors are dominated by FDI producers that are used to manufacture based on standards determined by their foreign buyers. In the case of milled rice, large rice millers have made significant progress in part due to the support received through the EU and EIF Tier 2 funded IFC project. Thirteen large rice millers have acquired GMP-HACCP certification. According to TUV-Rhineland, the main private sector certifier for HACCP in Cambodia, another 5 to 7 large millers should be able to achieve certification in the near future.

Other sectors are far less advanced and will require new technical assistance. Limited support received by cassava processors or smaller fish producers through various TA support including EIF-Tier 2 and TDSP is likely to be too small to make a measurable difference.

#### **Strategic Objectives for Cluster #4**

In view of partial progress accomplished thus far against the objectives set out in the Trade SWAp

<sup>2</sup> The existing text provides some, but more limited coverage of PPPs for infrastructure projects.

<sup>3</sup> In the absence of a law covering broadly PPPs until amendments to the Law on Concessions have been adopted, ACAC was established on the basis of a legal text issued by the Council of Ministers on instructions of the Prime Minister.

Roadmap, more work is needed and additional TA support is required to do so. To address the outstanding needs identified above, Cluster #4 will focus on four Strategic Objectives captured under several core Outcomes or Actions identified in the Trade SWAp Roadmap. Specifically:

<b>Strategic Objectives for Cluster #4</b>	
1.	Private sector Associations are able to articulate positions and dialogue with Government through the G-PSF or other venues
2.	The private sector and Government develop PPP arrangements to narrow the labor skill gap, invest in common facilities, or support other investment in "public goods"
3.	The private sector increases capacity in marketing, promotion and branding for exports
4.	The private sector is able to meet international SPS and other quality standards

Key Performance Indicators (KPI) for each can be drawn directly from the Trade SWAp Roadmap as shown below. Baselines shown are the original March 2014 baselines in the Trade SWAp Roadmap. Targets are also those shown in the Trade SWAp Roadmap. Clearly in nearly all cases deadlines need to be extended as more work is needed to achieve progress.

Cluster #4 Strategic objective 4 (private sector meets international standards) overlaps with some of the themes captured under Cluster #3 Strategic Objective 2 (adoption of SPS systems at producers' level.)

<b>Strategic Objectives for Cluster #4</b>		
<b>KPIs</b>	<b>Baseline as of March 2014</b>	<b>Target</b>
<b>1. Private sector Associations are able to articulate positions and dialogue with Government through the G-PSF or other venues</b>		
<b>Outcome 10 (processed food), STIA 2:</b> Improved collaboration between government and Private Sectors on processed food sector development	No recognized industry association exists in 2012. A Working Group on Agriculture & Agro-Industry does convene under the Government-Private Sector Forum	National processed food industry association established in 2016 representing medium and large processors with export potential
<b>Outcome 12 (milled rice), STIA 3:</b> Effective dialogue between Government and rice sector is in place	Working Group #9 on Rice is organized under G-PSF. However, at least 3 fragmented exporter associations exist, impeding cooperation and public-private dialogue	A single national federation established by 2016 representing all exporters. Private Sector through federation is directly engaged in periodical review of rice policy with Government. G-PSF Working Group #9 is revitalized
<b>Outcome 13 (cassava), STIA 2:</b> Strong industry cooperation across value-chain and dissemination of market information	No national sector association	Farmers Association(s) and a National Processor/Exporter Association established by 2016
<b>Outcome 14 (rubber), STIA 2:</b> Strong industry cooperation to facilitate extension services and exchange of market information	No single national-level industry association exists that encompasses whole value chain	Single national producer / processor / exporter association established in 2016
<b>Outcome 16 (high value silk), STIA 1:</b> Silk Board established to coordinate and formalize production chains.	No Silk Board in 2012.	Silk Board established by 2014
	Silk Sector and Plan of Action need updating	New Silk Sector Strategy adopted by 2016

<b>2. The private sector and Government develop PPP arrangements to narrow the labor skill gap, invest in common facilities, or support other investment in "public goods"</b>		
<b>Outcome 7 (garments), STIA 1:</b> TVET programs are established to meet need in technical and engineering personnel in garments, footwear, and SEZ sectors (same as Outcome 8 (footwear), STIA 2 and Outcome 17 (skill gap), STIA 2)	Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute	GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector
<b>Outcome 9A (SEZ) STIA 6:</b> Vocational training centers in place in SEZs to support increase in number of trained Cambodian tech personnel for SEZ sector (same as See Outcome 17 STIA2)	No training facilities in SEZs to assist investors in building a skilled labor force	All SEZs have training facilities (PPP or otherwise) with curriculums that meet ASEAN standards
<b>Outcome 15 (tourism), STIA 1:</b> TVET programs that meet international standards and ASEAN Minimum Competency Standards for Tourism are established and running for the hospitality sector (same as Outcome 17, STIA 3)	No culinary TVET program that meets international standards and ASEAN Minimum Competency Standards	Academy of Culinary Arts – Cambodia (ACAC) fully established as PPP. First full class (2 year curriculum) graduates with internationally recognized diplomas by 2016
	No hospitality management and services TVET program that meet international standards and ASEAN Minimum Competency Standards for Tourism	TVET program focusing on hospitality management and services fully established as PPP by 2016. Graduates to receive diplomas that meet international standards and ASEAN Minimum Competency Standards for Tourism
<b>3. The private sector increases capacity in marketing, promotion and branding for exports</b>		
<b>Outcome 7 (garments), STIA 3:</b> Invest in a positive "Made in Cambodia" brand – promoting labor compliance and quality	No industry-wide branding	National manufacturing brand and logo adopted and used on all export shipments by 2016
<b>Outcome 8 (footwear), STIA 1:</b> The industry develops its promotion and coordination capacity through an appropriate representative body (either GMAC or FOCC)	Very limited promotion of the footwear sector through international events	GMAC organizes participation of the footwear sector to 3 established international footwear-specific events (fairs, etc.) every year by 2016
<b>Outcome 10 (processed food), STIA 3:</b> A national brand/logo established for processed food industry and used to promote 'Made in Cambodia' on international markets and trade fairs	No national branding exists for local processed food and beverage sector	A national "Made in Cambodia" brand and logo is in use on exported processed food and beverage products by 2016

<b>Outcome 12 (milled rice), STIA 4:</b> National brand/logo established to market fragrant rice exports with branding linked to export standards	No national brand/logo exists for fragrant rice exports	Brand / logo adopted by all fragrant rice exporters by 2016. Guidelines published outlining criteria and required standards for millers to be entitled to logo use
<b>4. The private sector is able to meet international SPS and other quality standards</b>		
<b>Outcome 4 STIA 2:</b> Implementation of SPS standards (HACCP or GMP) among marine fishery product processors increases resulting in improved export competitiveness (same as Outcome 11 (fisheries), MTIA 1)	1 marine fishery product processor HACCP/GMP certified in 2013	12 marine fishery product processors HACCP/GMP certified in 2016
<b>Outcome 4 STIA 3:</b> Capacity of dried cassava processors to meet basic GMP-based standards developed through certification program (same as Outcome 13 (cassava), STIA 5)	No certification system in place	Certification system in place for processors that produce for demanding export markets in 2016
<b>Outcome 4, MTIA 7:</b> SPS standards in kitchen in hotel and restaurant improve through enhanced training of existing and new kitchen staff (same as Outcome 15 (tourism), MT Action 4)	Index from baseline survey of SPS standards in hotel and restaurant kitchen to be conducted by the Royal Academy of Culinary Arts under CEDEP-II. Also to use info from voluntary Good Health Practice (GHP) rating introduced by MoH	Repeat baseline survey (CEDEP II) by 2016-17
	Restaurant rating system being prepared. No restaurants have passed GHP/GMP audit. Low hygiene standards in sector	A rating system is in place. 200 restaurants have passed GHP/GMP audits by 2018
<b>Outcome 4, MTIA 9:</b> Capacity of Corn drying, shelling, and storage facilities to meet GMP/HACCP certification	No facilities with GMP/HACCP certification	5 facilities with GMP/HACCP certification by 2018
<b>Outcome 4 MTIA 10:</b> Quality and traceability of silk yarn imports ensured (same as Outcome 16 (high value silk), STIA 3)	Lack of COs on most imported yarn	30% of imported yarn has a clear CO in 2018

<p><b>Outcome 4 MTIA 11:</b> Safety among food processing exporting facilities enhanced by increased adoption of GMP and HACCP certification</p> <p>(same as Outcome 10 (processed food), MTIA 3)</p>	<p>7 large food processing facilities have been certified recently under HACCP, GMP, ISO 22000 or FSSC 22000 standards</p>	<p>Another 20 large food processing facilities are certified against international standards by 2018</p>
<p><b>Outcome 7 (garments), STIA 2:</b> Cambodia is known for the Better Factories initiative and its compliance with labor laws (same as Outcome 8 (footwear), STIA 3)</p>	<p>There are 32 Better Factories Cambodia (BFC) indicators measuring compliance with legal requirements relating to workers' conditions and rights. Those are reported annually in the BFC Synthesis Report</p>	<p>Compliance remains at 2013 level or better</p>
<p><b>Outcome 14 (rubber), STIA 4:</b> Cambodia natural rubber value chain produces high-quality products for export markets</p>	<p>No system in place to monitor quality of exported natural rubber</p>	<p>System to register quantities of natural rubber by grade and price in place and implemented by 2016</p>
<p><b>Outcome 17 (skill gap), STIA 4:</b> A more peaceful labor relations environment has been established in industrial sectors through a reduction in the number of illegal strikes and better enforcement of arbitration rulings and agreements in place</p>	<p>The excessive number of illegal strikes that do not respect agreements in force or that result from conflicts that have not gone through appropriate mediation and arbitration channels is having a negative impact on competitiveness</p>	<p>Use of Collective Bargaining Agreement in industrial sectors is promoted (capacity building on CBA needed.) Enforcement of laws, regulations, and agreements in place is strengthened</p>
<p><b>Outcome 17 (skill gap), STIA 5:</b> A set of models (templates) has been developed to assist line ministries in developing TVET institutions and programs based on PPP</p>	<p>There is little understanding of how PPPs can contribute to skills development and little understanding of different PPP models that can be pursued. There is also little knowledge and information available as to what is possible in a PPP.</p>	<p>A set of PPP models has been developed, with the assistance of development partners and based on international best-practice, to provide guidance to Line Ministries and Private Sector partners when formulating PPP-TVETs including (1) possible governance structures, (2) development of curriculums, (3) structures for student internships and (4) possible financing structures</p>

<b>Outcome 17 (skill gap), MTIA 3:</b> Higher education systems and TVET develop industry-focused curriculums	No industry-focused curriculums for specialized sectors to meet needs of a diversified economy	At least 2 new curriculums per Indicative sectors are drafted and integrated into relevant Higher Education/TVET programs by 2018. Curriculums to be linked to ASEAN standards where they exist
	No industry skills councils to guide development of educational and TVET programs that focus on the needs of specific sectors	Industry skill councils (employers, government, and workers representatives) established to guide development of educational and TVET programs that focus on the needs of specific sectors

**Source:** Cambodia Trade SWAp Roadmap, 2014-2018

**Note:** STIA = Short-Term Indicative Action in the Trade SWAp Roadmap; MTIA = Medium Term Indicative Action

#### **Possible Start-up Projects for Cluster #4**

Several start-up projects ("Low-Hanging Fruits") could be launched immediately in support of the strategic objectives identified for this Cluster.

#### **1. Develop a Culture of Professions in Tourism**

##### Situation Analysis

Key export sectors often lack a "culture of professions." This is particularly the case in tourism – though not limited to it – as young Cambodians do not understand that they can do very well in their adult career starting with TVET or university-level technically-focused education in areas where pointed expertise is in high demand.

One such examples is the profession of Chefs and Cooks. Creating a supportive structure is an important dimension of bridging the skill gap and attracting young people to the sector.

##### Objectives

The Cambodia Chefs Federation is new and needs institutional capacity development to address the needs of its members and, in the process, create a supportive professional culture. To help it do so, this start-up project could focus on five objectives:

1. Help the Federation's Secretariat in organizing regular meetings and focused discussions among its members, including quarterly membership meetings
2. Work with the newly created Academy of Culinary Arts – Cambodia (ACAC) to offer short-term upskilling programs for Cambodia Chefs Federation's members
3. Organize an annual "Top Chef of Cambodia" competition and award to reward the best Chefs as well as promote the profession
4. Start a "Young Chef" Chapter to begin attracting to the profession young people early in their adult life
5. Organize Annual Food Festival nationwide to attract more tourist

##### Cluster #4 Strategic Objective

This start up project would contribute to Strategic Objective 2 of Cluster #4

## **2. Develop/Strengthen Collective Branding in High-value Fragrant Rice, Garments, and High-value Silk**

### Situation Analysis

Cambodian export sectors are at a very early stage of branding. Typically, in sectors dominated by SMEs (e.g. rice millers or high-value silk producer/designers) or “commodity” producers (e.g. garment CMT producers), collective marks are useful ways to provide “umbrella” branding to exporters. Collective marks are complex products to implement and require a high degree of internal structuring by the sector itself. They require governance rules for membership, enforcement of membership rules, and promotion of the mark in target foreign markets (including budgets for promotion.)

At this stage, there are three sectors with the degree of structuring that may make it possible to successfully introduce collective marks” high-value fragrant rice, high-value silk, and garment. Even though rice is getting support from combined resources of AFD and IFC (IFC with donor support from EU and EIF-Tier 2), it is quite possible it will need additional support when the current two project ends in the First Quarter of 2016.

### Objectives

This start-up project could include several objectives including, for high-value silk and garments:

1. Awareness raising among enterprises in the sector about the benefits of collective branding (through workshops)
2. Formulation of branding strategies for the two sectors
3. Early steps in launching the strategies

For high-value fragrant rice:

1. Take stock of how far the implementation of the branding strategies by the Cambodia Rice Federation has progressed; identify follow-up steps as needed; early steps in implementing follow-up steps.

### Cluster #4 Strategic Objective

This start up project would contribute to Strategic Objective 3 of Cluster #4

#### Cluster Funding and Implementation Modalities

Resources in the approximate amount of US\$ 5 to 6 million for the period 2015-2020 should provide fairly significant new support to make progress on the broad range of issues captured under this Cluster.

Implementation Modalities will likely need to be adjusted to align with the approach followed by different donors.

The Department of International Cooperation (DICO) of Ministry of Commerce has acquired considerable experience in implementing the TDSP from both a financial and technical point of view. As a rule, all projects financed by the Trust Fund are procured by DICO on behalf of the beneficiary agencies (also called Implementing Agencies or IAs.) Mechanisms are in place to procure services following international procurement and tender practices. Large procurements are carried out by an International Procurement Agent; smaller ones, by DICO itself. Mechanisms are in place for strict accounting and financial reporting to the Ministry, the Implementing Agencies, and the Donors. Substantive work plans are developed on an annual basis. DICO has acquired technical expertise in supporting Implementing Agencies in the preparation of proposals and, conversely, many IAs have learned to develop proposals

following a logframe approach.<sup>4</sup> Any or all components of the expertise acquired by DICO can be used to work closely with a potential donor or several donors to develop component projects that will support the strategic objectives identified under this Cluster.

In general, DICO and donors interested in supporting the implementation of the Trade SWAp Roadmap should continue to engage IAs for the implementation of any project approved under Cluster #4, including the proposed start-up projects, to ensure continued ownership of the SWAp not only by MoC but by all relevant Government ministries and agencies. In addition, DICO and Donors should continue to engage relevant IAs in the private or NGO sectors – including business associations. DICO and Donors should make best efforts to build up from the capacity developed over the past five years among IAs through TDSP, EIF, and other technical assistance support. DICO can provide support to IAs in preparing and customizing project proposals.

One possible source of funding is ADB's newly launched Mekong Business Initiative program (a regional grant program with support to be shared by several countries) financed by a grant from Australia. The approach could be for DICO and ADB to discuss funding of a number of possible projects supportive of key actions under Cluster #4. While ADB will remain responsible for the overall management of the fund, the objective should be for ADB-Cambodia and DICO to work closely to ensure that the projects financed under the fund are closely aligned with the Trade SWAp Roadmap and the strategic objectives under this Cluster.

Another possible source of funding could come from the replenished EIF-Tier 2 Trust Fund to start in early 2016. New EIF support could be raised under a CEDEP III that could include several sub-projects covering issues under this Cluster #4 and Cluster #5 as well. Funding could be managed in several possible ways. One option would be for DICO to manage all funds – as is the case under TDSP – and manage all procurements on behalf of IAs responsible for implementing the various sub-projects included in CEDEP III. Another option would simply follow the model used under CEDEP I and CEDEP II where DICO retains overall Monitoring and Evaluation responsibilities but each sub-project is contracted directly between the IA and the EIF Trust Fund manager. A third option could blend the two options mentioned earlier – using DICO to manage funds and procurement for some IAs with limited fiduciary capacity and sub-contracting the entire financial responsibility to IAs with fiduciary capacity.

---

<sup>4</sup> See, RGC, Ministry of Commerce, and World Bank, *Making the TDSP Work: TDSP Operations and Implementation Manual*, Revised January 23, 2015

# Development of Inclusive Export Value Chains



5  
Cluster

MTP 2016-2020

## BACKGROUND

### ***Cambodia Trade SWAp Roadmap 2014-2018 and Cambodia Medium Term Plan for Aft***

Since 2007, the Royal Government of Cambodia (RGC) has been implementing a Trade Sector-wide Approach (Trade SWAp) to enhance coordination of its efforts in the trade area and the technical assistance provided by its Development Partners.

To this date, the RGC has received direct support from the European Union, Danida and UNIDO in the form of a Trust Fund executed by the Ministry of Commerce (MoC) – the Trade Development Support Program or TDSP – and from the Enhanced Integrated Framework (EIF) Tier 1 and Tier 2 Funds implemented and/or supervised by MoC's Department of International Cooperation (DICO.) In addition, to a greater or lesser extent, various multilateral and bilateral donors – including the World Bank, the Asian Development Bank, USAID, the EU Country Program, JAICA, Danida, Sida, ADB, Ausaid, and others – have sought to align TA support under their own management with the objectives of the Trade SWAp.

In 2013, the RGC decided to proceed with the second update of its Diagnostic Trade Integration Study – Cambodia Trade Integration Strategy 2014-2018 or CTIS 2014-2018 – and the update of its Trade SWAp Roadmap. CTIS 2014-2018 and the Trade SWAp Roadmap 2014-2018 were launched by Prime Minister Samdech Hun Sen on February 18, 2014.

In early 2015, MoC requested the assistance of UNDP to prepare a Medium Term Action Plan (MTP) for Aid for Trade for the period 2015-2020. The objective of an MTP is for countries to identify progress on their Action Plan, areas where technical assistance is already in place as well as areas where additional assistance maybe required. UNDP assembled a team of three experts and, in April 2015, the UNDP-MTP team conducted an in-depth review of progress made by Cambodia in implementing its Trade SWAp Roadmap during the 14 month period since its launch by the Prime Minister.

Based on the findings from the April 2015 review, the UNDP team identified ten possible clusters where additional Aft would be required. The ten clusters were validated by Cambodian stakeholders and submitted by DICO to the Senior Minister, Minister of Commerce for his review. On June 23, 2015, the Senior Minister, in his capacity as Chairman, reviewed the list of ten clusters with the members of the Sub-Steering Committee on Trade Development and Trade-Related Investment which is the ultimate body to which the Trade SWAp reports. Following that meeting, the Senior Minister instructed DICO to ask the UNDP Team to prepare Concept Notes for five of the ten clusters. The purpose of each Concept Note is to provide guidance for discussions between MoC and Development Partners on where, why, how, and how much additional Aft might be required to progress further against the actions, objectives, and targets identified in the Trade SWAp Roadmap.

The five priority clusters identified by the Senior Minister and members of the Sub-Steering Committee are:

1. Trade Policy, Sector Policy, Legal and Regulatory Reform
2. Trade Facilitation and Transport Logistics
3. SPS and Other Quality Systems for Trade
4. Private Sector Structuring
5. Development of Inclusive Value Chains

### ***Situation Analysis for Cluster #5***

#### **Major Themes and Linkages to National Policies and Objectives**

Cambodia Trade Integration Strategy 2014-2018 (CTIS 2014-2018) includes a focus on ten export sectors identified as priority sectors by the Government:

1. Garments,
2. Footwear,
3. Light Manufacturing assembly based in SEZs,
4. Processed Food,
5. Fisheries Products,
6. Milled Rice,
7. Cassava,
8. Rubber,
9. Tourism, and
10. High-Value Silk Products.

In looking at the ten sectors, CTIS 2014-2018 focused, among other key issues, on (1) opportunities for producers within each to move up value chains, (2) opportunities to increase volume of exports, (3) opportunities to diversify target markets, (4) opportunities to increase backward linkages through linkages to domestic producers (mostly SME), and (5) socio-economic and environmental impacts.

It is important to note that, while the CTIS was prepared before the work conducted by SNEC on the Industrial Development Policy (March 2015), the sector focus of the IDP and CTIS 2014-2018 overlap broadly. Specifically, IDP identifies Agro-Processing, Manufacturing, and the development of SMEs including through backward linkages as key development priorities. All of those sectors were already taken into consideration in CTIS, though CTIS looks at those sectors primarily from an export development perspective where the IDP looks at them in term of both domestic and international development.

To the maximum extent possible, the Outcome targets for the ten sectors included in CTIS 2014-2018 adopted Government targets in the NSDP and broader policy documents or developed and followed by line Ministries whenever existing. For instance, the broad outcome targets for milled rice and tourism are based, respectively, on the 2010 Policy Paper on the Promotion of Paddy Production and Rice Exports and Cambodia's Tourism Strategic Development Plan 2012-2020.

The focus on only 10 priority sectors was a deliberate decision on the part of the Senior Minister, Minister of Commerce, prior to the work on the CTIS in order to avoid scattering the attention of Government officials and development partners on too many sectors resulting in less impact.

Surely, going forward, as more of the current priority sectors become able to progress on their own, it will become useful for Government and Development Partners to begin shifting attention to new emerging export sectors. In the short term, significant work remains among the ten sectors identified by the Government for focus under the CTIS 2014-2018.

### **Major Initiatives, Actions Already Taken, and Support Already Received**

To consolidate development in the ten sectors, the approach followed under the Trade SWAp, has been to target technical assistance on key cross-cutting issues and capacity needs that can benefit all export sectors as well as on sector-specific issues, including supply capacity issues. With the exception of the Garment and Footwear sectors deemed to have sufficient resources to develop their supply capacity on their own, the approach followed under the Trade SWAp has been to ensure that, over time, each sector receives the necessary assistance it may require to grow, develop, be competitive and succeed in international markets.

The SEZ-based light manufacturing assembly sector is a relatively new sector, most successful at the moment in bicycles produced principally for the EU market. Many of the newer investors are trying to use Cambodian SEZ to locate facilities that are part of regional or international production networks seeking to take advantage from low-labor cost, a politically stable environment, links to regional transportation facilities, market access preferences, or other advantages. Garments, footwear, and light manufacturing assembly are all sectors that can have a greater spill-over effect on Cambodia's economy provided the supply capacity of local SMEs is developed so that they can become parts suppliers and that conflicting regulatory issues concerning the movement of goods in and out of SEZ are ironed out. As mentioned previously, some of those issues are also under the attention of the Industrial Development Policy. Some focused technical assistance will be required to progress in areas having direct impact on investment in SEZs and the possible multiplier effect of such investment.

Processed food is a sector vastly underdeveloped in Cambodia even though opportunities abound for a country fast becoming a large, surplus producer of agricultural commodities and located in a region where demand from neighbors is rapidly increasing. Strong development of the sector supply capacity should lead to new exports. In addition, at present, Cambodia is a large importer of processed food and development of the sector should help reduce this import deficit. Thus far, this sector has received extremely limited targeted technical assistance.

The Fishery sector has received significant support from Danida and EU in the past and is about to receive a new large assistance from the EU under the donor's new Country Program. While the main focus of those assistance has been on fresh water fish and community fisheries, the sector has also received recent assistance from JAICA (development of a marine aquaculture center) and from EIF-Tier 2 (focusing on marine fisheries products.) In the near term, the sector may not need much additional assistance until it has begun absorbing the new assistance.

The rice sector has received a fair amount of assistance from multiple donors over the years, both at farm level (e.g. Ausaid, JICA, AFD) and, more recently, at export-oriented processing level (e.g. GIZ, UNDP, IF, EIT-Tier 2, EU, AFD, others.) Cambodia is now equipped with a modern processing capacity that meets international markets requirements. Going forward, needs will change including a continuing focus on the marketing capacity of large millers and exporters as well as addressing remaining key bottlenecks in the value chain – especially, lack of modern storage facilities, insufficient production at farm level of high-value fragrant rice for which export opportunities are the most attractive, and access to working capital to finance purchase of paddy stock by large millers. Any future support in this sector should be based on a forthcoming review of the 2010 Rice Policy as well as Final Evaluation of the AFD-EIF Tier 2-EU technical assistance to rice millers coming to an end in the very near future.

Cassava production has grown extremely rapidly in recent years. Still most of the production is exported in an unprocessed form (fresh tubers) or with a minimum amount of semi-processing (chips.) The sector is beginning to receive attention – specifically through two UNDP-implemented projects financed respectively by the PRC Government and the EIF-Tier2 as well as through a SNV project. Going forward the sector will require more technical assistance as its needs are broad.

The rubber export sector is developing very rapidly under the expansion of large plantations established through Land Concessions as well as the expansion of a large small holder program developed during the years 2000s with significant assistance from AFD. At present the sector is also benefiting from some Japanese assistance. The sector does suffer from a shortage of skilled personnel to work in plantations. Going forward, some of the key issues may involve the sector's ability to diversify market destinations (Vietnam continues to import 40 percent or more of Cambodian production) and in the process upgrade quality to meet standards of other importing markets. Future development in the sector maybe driven as much by overall Government policy decisions as through more technical assistance.

The tourism sector has grown rapidly since the late 1990s. Still, growth has slowed somewhat over the past couple of years in term of revenues and international visitors. This reflects partly the shift in arrivals, with Chinese and Vietnamese visitors becoming dominant but also happen to be lower spenders. In addition, the current economic slowdown in China is being felt by Cambodia's tourism sector. The sector has received limited technical assistance in the past. To a large extent, the sector has been somewhat of a "free for all" for private investors (both domestic and foreign) with limited guidance and regulation from Government. However, it appears that a growing segment of the private sector is becoming more vocal about the need to bring some stronger order to the development of the sector. Building up the capacity of private sector associations, as suggested in Cluster #4 Note may well be the area likely to be most effective in bringing positive change to the sector. In addition, the sector suffers from a serious shortage of skilled manpower. This is an issue that several development partners have begun to address, including Sida, AFD, EIF-Tier 2 and SDC. ADB, through a project with the Ministry of Health, has begun addressing the issue of sanitary standards in food retail and restaurant establishments.

High-value silk is a small sector but a sector that can play an important role in helping define the image of Cambodia. For many years, it received assistance from AFD. NZAid followed up for a few years. More recently the sector has benefited from a support from EIF-Tier 2. Despite past assistance and recent progress in foreign markets, much remains to be done to build up the sector. Going forward, it will be useful for possible future assistance to be guided by the Final Independent Evaluation of the current EIF-Tier 2 project as well as the Silk Sector Strategy to be formulated by the newly created Silk Sector Task Force.

### Strategic Objectives for Cluster #5

In view of partial progress accomplished thus far against the objectives set out in the Trade SWAp Roadmap, more work is needed and additional TA support is required to do so. To address the outstanding needs identified above, Cluster #5 will focus on two Strategic Objectives captured under several core Outcomes or Actions identified in the Trade SWAp Roadmap. Specifically:

Strategic Objectives for Cluster #5	
1.	Develop export capacity in priority sectors identified by the Government, beginning with the priority sectors identified in CTIS 2014-2018 and the 2015 Industrial Development Policy
2.	Develop a business and investment environment supportive of the development of Inclusive Value Chains including through deepening backward linkages

Key Performance Indicators (KPI) for each can be drawn directly from the Trade SWAp Roadmap as shown below. Baselines shown are the original March 2014 baselines in the Trade SWAp Roadmap. Targets are also those shown in the Trade SWAp Roadmap. Clearly in nearly all cases deadlines need to be extended as more work is needed to achieve progress.

Strategic Objectives for Cluster #5		
KPIs	Baseline as of March 2014	Target
1. Develop export capacity in priority sectors identified by the Government, beginning with the priority sectors identified in CTIS 2014-2018 and the 2015 Industrial Development Policy		
<b>Outcome 9B: Light Manufacturing Assembly</b> Cambodia emerges as a node in regional production networks	In 2012, the contribution of manufacturing to GDP (exclusive of garment and footwear) was approximately 5%	The contribution of manufacturing to GDP (exclusive of garment and footwear) increases to 7%
	In 2012, Cambodia exported \$376 million worth of light manufacturing exports (excluding garment and footwear)	Light manufacturing exports from Cambodia triple to \$1 billion by 2018

See also all STIA and MTIA Actions under Outcome 9B		
<b>Outcome 10: Processed Food</b> Cambodia continues to grow and diversify its processed food sector through new export markets, moving to higher value products, and expanding domestic inputs	In 2011 the processed food, beverage, and tobacco industries accounted for 2.3 % of GDP. Exports were estimated at \$71.5 million (NIS and Comtrade)	In 2018 the processed food, beverage and tobacco industry accounts for 4% of GDP. Exports reach \$200 million or more by 2018
See also all STIA and MTIA Actions under Outcome 10		
<b>Outcome 12: Milled Rice</b> Cambodia achieves the 1 million MT target for export of milled rice set out under the RGC 2010 Rice Policy	Approximately 350,000MT of milled rice exported in 2013	More than 1 million MT of milled rice exported in 2018
Some Actions listed in the Trade SWAp Roadmap under Outcome 12 may require further technical assistance once the current assistance by AFD and IFC have closed. Which Actions remain to be addressed should be determined based on the findings from the Final Independent Evaluation of those two projects plus the review of the 2010 Rice Policy.		
<b>Outcome 13: Cassava</b> Cambodia consolidates its exports of Cassava through direct exports to such countries as China and Republic of Korea and lessens its dependency on exports of unprocessed tubers to Thailand and Vietnam	68,000 MT of formal exports of dried cassava chips in 2011	Approximately 3 million MT of formal exports of dried cassava chips by 2018
	Cambodia seventh largest producer of cassava in Asia in 2011	Cambodia fifth largest producers of cassava in Asia (following Thailand, Indonesia, India, and China PRC) by 2018
Some Actions listed in the Trade SWAp Roadmap under Outcome 13 may require further technical assistance once the current assistance by UNDP under funding from EIF Tier 2 and the Government of PRC as well as by SNV have closed. Which Actions remain to be addressed should be determined based on the findings from the Final Independent Evaluation of those projects.		
<b>Outcome 16: High Value Silk Products</b> A small but growing number of Cambodian producers are able to design and export high-value silk products	Exports (cross-border and sales to foreign visitors) of finished silk products estimated at \$7 million in 2012	Exports of finished silk products double by 2018
Some Actions listed in the Trade SWAp Roadmap under Outcome 16 as well as new Actions identified in the forthcoming Silk Sector strategy may require further technical assistance once the current assistance by IFC under funding from EIF Tier 2 has closed. Which Actions remain to be addressed should be determined based on the findings from the Final Independent Evaluation of that project.		
<b>2. Develop a business and investment environment supportive of the development of Inclusive Value Chains including through deepening backward linkages</b>		
<b>Outcome 5: Investment Environment for Exports</b> The environment for investment in the ten DTIS 2013 focus export sectors strengthened	2012 net FDI inflows were \$1.5 billion	Net FDI inflows grow 25% annual average between 2014-2018 to triple to \$4.5 billion
See also all STIA and MTIA Actions under Outcome 5. All in need of TA except for STIA 6.		

<b>Outcome 9A: SEZs</b> Cambodia's SEZs improve their competitiveness and attract more manufacturing investment to become nodes in regional production networks	69 light manufacturing operators in Cambodian SEZs in 2012	140 light manufacturing companies operators in Cambodian SEZs in 2018
	8 SEZs with active investors in 2012	The number of SEZs with active investors doubles to 16 by 2018
<b>Outcome 9A STIA 1:</b> Requirements governing the movement of goods from SEZ factories to sub-contractors outside the SEZ (e.g. wash garments or paint bikes) and back to the SEZ contractor are clarified, streamlined and implemented consistently	Most Government officials posted in the One-Stop Service Shop located in SEZs do not receive specific training. Quality of service is uneven.	All Government officials posted in One-Stop Service Shops located in SEZs have received specific training. Quality of service to investors has improved (data to be collected through short survey)
<b>Outcome 9A MTIA 1:</b> Access, cost and reliability of electricity in SEZ improves	2011 electricity price from Electricité du Cambodge is \$0.23 per Kwh and can reach around \$0.40 per Kwh or more when self-generated	Electricity price falls by 1/3 in SEZs, down to \$0.16 per Kwh for Electricité du Cambodge by 2018

**Source:** Cambodia Trade SWAp Roadmap, 2014-2018

**Note:** STIA = Short-Term Indicative Action in the Trade SWAp Roadmap; MTIA = Medium Term Indicative Action

### **Possible Start-up Projects for Cluster #5**

Several start-up projects ("Low-Hanging Fruits) could be launched immediately in support of the strategic objectives identified for this Cluster.

#### **1. [Prepare Draft Project Document\(s\) for Submission to EIF or Other Interested Development Partners](#)**

##### Situation Analysis

Accessing new funds available to LDCs under the EIF program, when the program is being refunded in early 2016, or from other Development Partners interested in working at product sector level will require drafting proposals and project documents.

##### Objectives

This start-up project would have one objective, namely the preparation of one or several project documents for ready submission to the EIF-Executive Secretariat in early 2016 or other DPs interested in working at product sector level. Following the model adopted for CEDEP I and CEDEP II, the proposal could focus on a couple of sectors (for instance, processed food sector and SME sector as supplier to SEZ-based investors) as a means to continue with the approach adopted under the previous two funding, namely to build up the capacity of individual priority export sectors.

##### Cluster #5 Strategic Objective

This start up project will contribute to Strategic Objective 1 of Cluster #5

#### **2. [Support Implementation of Laws on Investment and SEZ once Adopted](#)**

##### Situation Analysis

CDC is expected to submit an amended Law on Investment and a draft Law on Special Economic Zones (SEZs) to the Council of Ministers before the end of 2015. Once accepted by the CoM (subject to possible revisions) the draft Laws will be submitted to the National Assembly for adoption.

### Objectives

This start-up project could provide independent additional expertise the formulation of Anukrets and possible Prakas for implementation of the two Laws once adopted if and where required.

### Cluster #5 Strategic Objective

This start up project would contribute to Strategic Objective 2 of Cluster #5

### **3. Develop Relevant Investment Promotion Tools to Attract New Investment in Key Priority Export Value Chains**

#### Situation Analysis

Cambodia lacks a National Investment Promotion Strategy to maximize its ability to focus domestic and foreign investors on priority sectors. Such a strategy should include proactive and targeted promotion measures, including focus on: CTIS 2014-2018 ten priority sectors; measures intended to promote investment in clusters of domestic suppliers to support key export sectors; and, capacity development among policy makers. In addition, the National Investment Promotion Strategy should be fully aligned with Laws on Investment and on SEZs and with the 2015 Industrial Development Policy.

### Objectives

This start-up project would have one objective, namely to start work on the formulation of a National Investment Promotion Strategy that can support sector targets identified in the CTIS 2014-2018 as well as the 2015 Industrial Development Policy.

### Cluster #5 Strategic Objective

This start up project would contribute to Strategic Objective 2 of Cluster #5

#### Cluster Funding and Implementation Modalities

Resources in the approximate amount of US\$ 6 to 7 million for the period 2016-2020 should provide fairly significant new support to make progress in areas captured under this Cluster.

DICO could seek to raise funding from the newly replenished EIF Trust Fund (expected early 2016) to develop a CEDEP III as this has proven to be a useful way to bring technical assistance to selected priority sectors. Still, some bilateral donors may also be interested in bringing support to some of the Government key priority export sectors, either on their own or in collaboration with EIF funding (as was the case earlier for ACAC under CEDEP II which benefits from both EIF-Tier II and Sida support).

New EIF support could be raised under a CEDEP III that could include several sub-projects covering development of value chains and related issues included in Cluster #5. Funding could be managed in several possible ways. One option would be for DICO to manage all funds – as is the case under TDSP – and manage all procurements on behalf of IAs responsible for implementing the various sub-projects included in CEDEP III. Another option would simply follow the model used under CEDEP I and CEDEP II where DICO retains overall Monitoring and Evaluation responsibilities but each sub-project is contracted directly between IAs and the EIF Trust Fund manager. A third option could blend the two options mentioned earlier – using DICO to manage funds and procurement for some IAs with limited fiduciary capacity and sub-contracting the entire financial responsibility to IAs with fiduciary capacity.

DICO might also be able to raise funding for this Cluster from other Development Partners in which case there might be a need to tailor the request to the approach followed by those to disburse and manage funds.

The Department of International Cooperation (DICO) of Ministry of Commerce has acquired considerable experience in implementing the TDSP from both a financial and technical point of view. As a rule, all projects financed by the Trust Fund are procured by DICO on behalf of the beneficiary agencies (also called Implementing Agencies or IAs.) Mechanisms are in place to procure services following international procurement and tender practices. Large procurements are carried out by an International Procurement Agent; smaller ones, by DICO itself. Mechanisms are in place for strict accounting and financial reporting to the Ministry, the Implementing Agencies, and the Donors. Substantive work plans are developed on an annual basis. DICO has acquired technical expertise in supporting Implementing Agencies in the preparation of proposals and, conversely, many IAs have learned to develop proposals following a logframe approach.<sup>1</sup> Any or all components of the expertise acquired by DICO can be used to work closely with a potential donor or several donors to develop component projects that will support the strategic objectives identified under this Cluster.

In general, DICO and donors interested in supporting the implementation of the Trade SWAp Roadmap should continue to engage IAs for the implementation of any project approved under Cluster #5, including the proposed start-up projects, to ensure continued ownership of the SWAp not only by MoC but by all relevant Government ministries and agencies. In addition, DICO and Donors should continue to engage relevant IAs in the private or NGO sectors – including business associations. DICO and Donors should make best efforts to build from the capacity developed over the past five years among IAs through TDSP, EIF, and other technical assistance support. DICO can provide support to IAs in preparing and customizing project proposals.

---

<sup>1</sup> See, RGC, Ministry of Commerce, and World Bank, *Making the TDSP Work: TDSP Operations and Implementation Manual*, Revised January 23, 2015



# ANNEX.III



## Comparison of Trade SWAp Targets vs Line Ministries and NSDP and RS Targets

Trade SWAp Development Impacts and Strategic Outcomes 2014-2018  
vs. Planning Targets of Line Ministries/Government Policies, NSDP and RS-III

Development Impacts/Goals	Trade SWAp 2018 Targets	Line Ministry Sector Policy Targets	NSDP Objectives	Rectangular Strategy III Objectives
Impact/Goal 1 Improved competitiveness contributes to reduce poverty through better and new job	Cambodia narrows its distance to the best performing country for all indicators combined in <i>Doing Business</i> by an additional 10% by 2018 by 11.1%. (Cambodia 2013 ranking was 133 out of 185 countries)		The private sector plays a key role in promoting growth and socio-economic development, especially in realizing the RGC's objective of diversifying the production base, streamlining modern technologies and generating creative ideas aimed at improving economic efficiency and competitiveness as well as employment creation in order to reduce poverty and promote people's living standards. (p164)	The RGC views the "private sector as the locomotive of economic growth." The private sector plays a key role in promoting growth and socio-economic development, especially in realizing the RGC's objectives of diversifying the production base, streamlining modern technologies and generating creative ideas aimed at improving economic efficiency and competitiveness as well as employment creation in order to reduce poverty and promote people's living standards. (p29)
Impact/Goal 2 Significant increase in the contribution of the trade sector to GDP and deepening diversification of Cambodia's export base	11% yearly average growth of goods and services exports during 2014-2018 Garments and tourism represent 60% or less of total recorded goods and service exports in 2018 (80% in 2011)	8% annual average rate of growth of goods exports (Source: MoC projections as quoted in NSDP, p166) Increasing export of manufacturing products (non-textile products) to 15% of all exports by 2025 (Source: 2015 IDP, p14)	-Promoting investments in modern and high value added industrial sectors aimed at upgrading the diversification of the manufacturing base (p163) -Further promoting the modernization of	Promoting investments in modern and high value added industrial sectors aimed at upgrading the diversification of the manufacturing base (p30)

				<p>local enterprises and improved innovation capacity as well as strengthened links between local enterprises and domestic industries with foreign investment projects, aimed at promoting transfer of technology, knowledge and know-how, increasing productivity, and enhancing attractiveness and competitiveness of Cambodia (p164)</p> <ul style="list-style-type: none"> <li>- As a part of the policy for diversifying the economic base, RGC will promote a favorable climate for developing the agro-processing industry and assembling industry (both electronic and machinery assembly) (p164)</li> <li>- MoC will continue promoting exports of agricultural products and garments, and also attempt to diversify (p165)</li> </ul>	
--	--	--	--	---	--

Impact/Goal 3	Strengthened capacity of RGC to formulate and implement trade policies and strategies	4 additional sector policies focusing on export by 2018 (only Rice Policy as of 2013)			
Impact/Goal 4	Responsiveness of RGC to private sector needs increases as a result of better dialogue	Investment projects approved by CDC doubles to \$70 billion (or more) between 2014-2018 (\$35.5 billion approved between 2007-2011)	Strengthening the effectiveness of G-PSF to address the challenges faced by the private sector, while upgrading it to a platform for dialogue for recommending policy options and advice that will further promote the role of private sector as a stakeholder in development. (p164)	- Strengthening the effectiveness of the G-PSF to address the challenges faced by the private sector, while upgrading it to a platform for dialogue for recommending policy options and advice that will further promote the role of private sector as a stakeholder in development. - Strengthening investment aftercare services to address issues and concerns (p30)	
Impact/Goal 5	Improved planning, implementation, and monitoring capacity of RGC through implementing Trade SWAp	At least 16 of the 20 Outcomes receive TA support and have at least one TA monitored through Trade SWAp. Of the 16 outcomes, at least 10 have 2 or more TAs monitored through Trade SWAp	MoC will strengthen the implementation of the Trade Sector Program, focusing on trade facilitation and the private sector development (p165)	Strengthening the monitoring and evaluation system in implementing investment projects to ensure compliance with stipulated principles and conditions (p30)	

Strategic Outcomes	Trade SWAp 2018 Target	Line Ministry Target/ Sector Policy Target	NSDP Target	Rectangular Strategy III Objectives
<p>Outcome 1</p> <p><i>Pillar One - Increasing the competitiveness of Cambodian exporters in world markets through a strengthened export business environment.</i></p> <p><u>Trade Policy Reform and Trade Negotiations:</u> Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws</p>	<p>75% of the 84 Actions listed in RGC's <i>Work Program</i> have been fully completed by 2016</p> <p>The RCEP rules of origin allow for cumulation across all its members by 2018</p>	<p>- Improving the legal environment to enhance competitiveness by way of improving the investment climate and promoting trade facilitation, providing market information and reducing business transactional fees (Source: 2015 IDP, p15)</p>	<p>-Expand access to international markets through implementing of its obligations under the framework of WTO, ASEAN, and sub-regional and regional economic integration initiatives (p163)</p> <p>-Further strengthening favorable investment and business climate through improvement in regulatory framework, rationalization of incentives for investment projects (p164)</p> <p>- MoC will continue strengthening integration into the regional and international export markets and improve competitiveness (p165)</p> <p>-MoC will enforce reforms as required under the WTO and ASEAN, as certain market access through trade negotiations, and</p>	<p>-Continue to promote private sector development through a package of comprehensive measures for improving existing policies and designing new policies including those addressing the legal, governance and institutional frameworks as well as related services, and instruments, supporting and facilitating resource mobilization, and the development of financial and banking sector and labor market (p29)</p> <p>-Promoting industrial corridor development along the main national roads, linking key economic poles in Cambodia and connecting the Cambodian economy with the neighboring countries in particular</p>

Outcome 2	<p><u>Trade Facilitation:</u> Cambodia increases its competitiveness through reduced import/export costs</p>	<p>2018 Cambodia import/export cost reduced to 120% ASEAN-6 average (\$552/20' container in <i>Doing Business</i> 2012)</p> <p>2018 time for cargo release reduced to ASEAN-6 average</p>	<p>-Improving the legal environment to enhance competitiveness by way of improving the investment climate and promoting trade facilitation, providing market information and reducing business transactional fees (Source: 2015 IDP, p15)</p> <p>-Strategy and Work Programs on Reform and Modernization of GDCE (2014-2018) spells out many measures to improve customs processes (Source: The Strategy and Work Programs on Reform and Modernization of GDCE 2014-2018)</p>	<p>-Further improving trade facilitation through streamlined administrative structures and procedures, and cross border transport processes, reduced costs of doing business and strengthened inter-agency coordination (p164)</p> <p>-Increase Cambodia's competitiveness through reduced import/export costs and increase in competitiveness through improved trade logistics (p165)</p>	<p>through the economic corridor development framework in GMS and ASEAN (p33)</p> <p>Further improving trade facilitation through streamlined administrative structures and procedures, and cross border transport processes, reduced costs of doing business and strengthened inter-agency coordination (p30)</p>
Outcome 3	<p><u>Trade Logistics:</u> Cambodia increases its competitiveness through improved trade logistics</p>	<p>2018 Speed for trade logistics rises to 25 Km/h, transport cost decreases to \$0.7/MT/Km, logistics cost decreases to \$0.15/MT/Km (at constant prices)</p>	<p>.</p>	<p>- Increasing investments in physical infrastructure including improvements in services and means to facilitate and support business processes and further strengthening and</p>	<p>- Promote further development of all modes of transport infrastructure as well as urban infrastructure supported with a vibrant, safe and efficient logistics system aimed at contributing to the</p>

				<p>developing special economic zones (p 164)</p> <ul style="list-style-type: none"> <li>- Increase Cambodia's competitiveness through reduced import/export costs and increase in competitiveness through improved trade logistics (p165)</li> </ul>	<p>enhancement of national competitiveness and people's welfare (p24)</p> <ul style="list-style-type: none"> <li>- Stepping up the construction of national, provincial and rural roads, particularly by targeting the paving of 300 – 400 Km of additional roads per year with asphalt or concrete pavement.</li> <li>- Designing and implementing the Master Plan for Transport Infrastructure</li> </ul> <p>Development to connect all parts of the country and with the neighboring countries through developing multi-modal and cross border transport systems along with an efficient and competitive logistics system aimed at promoting investment, trade, tourism and rural development, with focus on the</p>
--	--	--	--	--	---

Outcome 4	<p><u>Technical Standards and SPS Requirements:</u> The capacity of Cambodian exporters to meet technical and SPS requirements standards set by importers and importing countries increases</p>	Ratios of formal exports of milled rice, cassava, and corn to total production grow by a factor of ten or more by 2018 indicating significant shift from informal to formal exports	<p>- Enhance plant protection and SPS measures (Source: ASDP, p45) - 4,350,000 MT of agricultural products to be accepted by international markets in 2018 (ASDP 2014-2018, pp41-42)</p>	<p>-MoC will continue to strengthen Technical Standards and SPS Requirements (p165) -MAFF will continue to promote Good Agricultural Practice (GAP) to ensure quality of the products and safety standards (p125)</p>	<p>completion of railroad restoration and development, further development of airport and seaport infrastructure, assessment of the potential for investment in inland waterway transport (p24)</p> <p>Promote broader livestock farming and aquaculture through introduction of a policy framework based on value chain principle, and removing all the barriers to the development of this sector, taking into account issues such as food safety standards and market regulation functions especially sanitary and phyto- sanitary standards...(p20)</p>
Outcome 5	<p><u>Investment Environment for Exports:</u> The environment for investment in the ten DTIS 2013 focus export sectors is strengthened</p>	Net FDI inflows grow 25% annual average between 2014-2018 to triple to \$4.5 billion	<p>- Attracting FDI and mobilizing domestic private investment for industrial development, export market development and expansion, and promotion of technology</p>	<p>-Create investment environment for exports. Attract foreign investment p165) -improvements in good governance and efficiency of public institutions including</p>	<p>Formulating industrial development policy based on two key approaches: (1) expansion of industrial base supported by</p>

			development and transfer (Source: 2015 IDP, p15) - Improving the legal environment to enhance competitiveness by way of improving the investment climate and promoting trade facilitation, providing market information and reducing business transactional fees (Source: 2015 IDP, p15)	the strengthening CDC's Single Window mechanism (p164)	increased attractiveness of Cambodia to investors and investment promotion including modernization of SMEs; and (2) improved connectivity with regional production networks to integrate with and move up the global value chains (p32)
Outcome 6	<u>Intellectual Property Rights</u> : A modern, trade-supportive intellectual property rights framework is established, implemented, and enforced	Over 1,200 new marks registered by Cambodian businesses during 2018 60 local designs registered by 2018		- MoC will increase adherence to Intellectual Property Rights (p165)	No mentioned in RS III
<i>Pillar Two – Expanding and diversifying Cambodia's export base through strengthening supply in current and new sectors, entering new markets and moving up value chains</i>					
Outcome 7	<u>Garment</u> : Cambodia continues to grow and diversify its garment export sector through targeting new markets, increasing domestic inputs, and expanding in higher value products	12% export growth per annum during 2014-2018. No single market accounts for more than 40% of total exports by 2018 Domestic production of fabric increases at average annual rate of 20% between 2014 and 2018. Local production of yarn/thread commenced	-11% export growth per annum (Source: MoC projections as quoted in NSDP, p166) <i>-Fourth set of priority sectors</i> : various types of supporting industries for the agriculture, tourism and textile sectors as well as for industries serving regional production chains linked with either global markets	- Export of US\$7,174 million of clothing and garment in 2018 (p. 166)	Garment is not mentioned as plan/priority in RS III

Outcome 8	<p><u>Footwear</u>: Cambodia continues to grow and diversify its footwear export sector through targeting new markets and developing new market segments</p>	<p>Cambodia's footwear exports grow by 25% per annum between 2014 and 2018</p> <p>Share of UK and German markets is reduced from 32% in 2014 to 20% of Cambodian footwear exports in 2018</p>	<p>or global value chains in the form of forward linkages and for industries linked with the provision of raw materials supply network in the form of backward linkages, especially for the garment sector, for production of spare parts and assembling of other semi-finished products (Source: 2015 IDP, p17)</p>	No mention in NSDP	Not specifically mentioned in RS III
Outcome 9	<p><u>9A- SEZs</u>: Cambodian SEZs increase their competitiveness and attract additional manufacturing investment</p>	<p>The contribution of manufacturing to GDP (exclusive of garment and footwear) increases to 7% by 2018</p> <p>140 light manufacturing companies operators in Cambodian SEZs in 2018 (from 69 in 2014)</p> <p>The number of SEZs with active investors doubles to 16 by 2018</p>	<p>Increasing the GDP share of manufacturing sector (inclusive of garments and footwear) from 15.5% in 2013 to 20% in 2025 (Source: 2015 IDP, p14)</p>	<p>-Increasing investments in physical infrastructure including improvements in services and means to facilitate and support business processes and further strengthening and developing special economic zones (p164)</p> <p>-CDC will further strengthen the implementation of Special Economic Zones (p165)</p>	<p>-Increasing investments in physical infrastructure including improvements in services and means to facilitate and support business processes and further strengthening and developing special economic zones (p30)</p> <p>- Aligning private sector development and investment policies with SME and</p>

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

<p>9B: <u>Light Manufacturing Assembly</u>: Cambodia emerges as a node in regional production networks</p>	<p>The contribution of manufacture to GDP (exclusive of garment and footwear) increases to 7% by 2018</p>	<p>Light manufacturing exports from Cambodia triple to \$1 billion by 2018</p>	<p>-Increasing the GDP share of manufacturing sector from 15.5% in 2013 to 20% in 2025 (Source: 2015 IDP, p14)                  -Increasing export of manufacturing products (non-textile products) to 15% of all exports by 2025 (Source: 2015 IDP, p14)                  -<i>First set of priority sectors</i>: new industries or manufacturing ventures with the capability of breaking into new markets, with high value-added products, creative and highly competitive that focuses not only on consumer products but also production equipment such as machinery assembly, mechanic/electronic/electric equipment assembly, means of transport assembly and natural resource processing (Source: 2015 IDP, p 17)</p>	<p>- Promoting investments in modern and high value added industrial sectors aimed at upgrading the diversification of the manufacturing base (p163)                  - As a part of the policy for diversifying the economic base, RGC will promote a favorable climate for developing the agro-processing industry and assembling industry (both electronic and machinery assembly) (p164)</p>	<p>Continue to promote further diversification of the industrial base through encouraging investments in new high value added, more creative and more competitive industries, including in particular, assembly, electronics, spare parts manufacturing, agro-processing and other manufacturing industries while also promoting further development of SMEs and handicrafts and expanding industrial development into rural areas to boost economic growth, job creation and incomes of rural population (p32)</p>
--	---	--	---	--	---

Outcome 10	<p><u>Processed Food:</u> Cambodia continues to grow and diversify its processed food sector through new export markets, moving to higher value products, and expanding domestic inputs</p>	<p>In 2018 the processed food, beverage and tobacco industry accounts for 4% of GDP. Exports reach \$200 million or more by 2018</p>	<p>-Increasing export of processed agricultural products to 12% of all exports by 2025 (Source: 2015 IDP, p14) -<i>Third set of priority sectors</i> agro-industrial production for export and domestic markets (Source: 2015 IDP, p17)</p>	<p>MoC will continue to grow and diversify in the processed food sector seeking new markets; moving to higher value products, and expanding domestic inputs (p165)</p>	<p>Encouraging investments in medium and large-scale animal feed production to support livestock farming, along with improvements in the extension services system, animal breeding, credit and market access for farmers, incentives for private investment in processing of livestock and fisheries products, establishment of modern slaughterhouses as well as facilitation of trade in livestock, livestock products, and fish and fisheries products (p20)</p>
Outcome 11	<p><u>Fisheries Products:</u> A sustainable fisheries sector sees Cambodian exports increase as a result of improved quality, growing production volumes, and strengthened access to markets.</p>	<p>100,000 MT of recorded fish exports in 2018.</p>	<p>- Aquaculture produce increases to 172,000 MT and fish catch to 850,000 MT in 2018 (Source: ASDP 2014-2018 p34). No mention of fish exports in ASDP. - PPPT presentation of Fisheries Strategic Planning Framework does not include targets for fish production or fish exports</p>	<p>Aquaculture produce to reach 171,170MT, and fish catch 910,000MT in 2018 (p129 - No explicit mention of fish exports)</p>	<p>Further implementing Strategic Planning Framework for Fisheries 2010-2019 with the aim of boosting fish production to serve domestic</p>

Outcome 12	<p><u>Milled Rice</u>: Cambodia achieves the target set out under the RGC 2010 Rice Policy for export of milled rice</p>	<p>More than 1 million MT of milled rice exported in 2018</p>	<p>Paddy production of 10.85 million MT in 2018 and paddy surplus of 6 million MT (Source: ASDP 2014-2018, p98). No mention of rice export in ASDP</p>	<p>Paddy surplus of 6 million MT in 2018 (p129). Export target quoted 2010 Rice Policy: 1 million MT in 2015 (p95)</p>	<p>consumption and export markets by relying on three pillars: (1) freshwater and marine-based natural fisheries; (2) freshwater and marine aquaculture; and (3) facilitating processing and trade (p20)</p> <p>Further improving productivity of rice and other crops... Further promoting agricultural diversification through promotion of R&amp;D, dissemination of new crops which have high potential for production expansion and exports; ...(p19)</p>
Outcome 13	<p><u>Cassava</u>: Cambodia consolidates its exports of Cassava through direct exports to such countries as China and Republic of Korea and lessens its dependency</p>	<p>Approximately 3 million MT of formal exports of dried cassava chips by 2018</p>	<p>No detailed targets in ASDP</p>	<p>- Farmers diversify into crops other than rice, such as corn, cassava, sugarcane, cashew nut, pepper and</p>	<p>Cassava is not specifically mentioned in RS III, but: Further improving productivity of rice and other crops...</p>

	on exports of unprocessed tubers to Thailand and Vietnam	Cambodia fifth largest producers of cassava in Asia (following Thailand, Indonesia, India, and China PRC) by 2018		others... (MAFF's input on p123) - Increase cassava exports to China and Korea, and lessen dependency on exports of unprocessed tubers to Thailand and Vietnam." (MoC's input on p165)	Further promoting agricultural diversification through promotion of R&D, dissemination of new crops which have high potential for production expansion and exports; ....(p19)
Outcome 14	<u>Rubber</u> : Cambodia progresses towards becoming a key producer and exporter of rubber	Approximately 150,000MT of rubber exported in 2018	333,030MT of dry rubber produced in 2018.(Source: ASDP, 2014-2018, p45 -- 340,930MT p98)	340,930MT of dried rubber produced in 2018 (p. 129). No export target.	Promote implementation of "Cambodia Natural Rubber Development Strategy 2011-2020" as planned (p19)
Outcome 15	<u>Tourism</u> : Cambodia progresses towards RGC's 2020 target set for Tourism: 8 million foreign visitors <u>High Value Silk Products</u> : A small but growing number of Cambodian producers are able to design and export high-value silk products	6 million foreign visitors in 2018 Exports of finished silk products double by 2018 (to approximately \$15 million)	8 million foreign visitors by 2020 (Source: MoT Strategic Plan)	6.7 million international tourists in 2018 (p166)	No mention in RS III
Outcome 16			No detailed targets in ASDP	No mention in NSDP	No mention in RS III
<i>Pillar Three – Strengthening the capacity of the RGC and Cambodian stakeholders to manage the trade agenda and trade challenges (trade reform, trade policy, aid for trade, bridging skill gaps for trade, etc.)</i>					
Outcome 17	<u>Skill Gap for Exports</u> : RGC and Cambodian exporters meet the skill gap through the formal	A number of PPP TVET programs have been established to support skill	- The five-year Strategic Plan of MoLVT 2014-2018 in Khmer offers many action points for improving skills but has no specific targets.	Developing and implementing a national employment policy	- Further developing human resources, focusing on the technical

<p>education sector and increased public-private partnership to develop vocational/technical education.</p>	<p>development in export sectors by 2018</p>	<p>- The National Employment Policy was adopted in October 2015, setting directions for 2015-2025 without specific targets and no short- or medium-term timeframes.</p>	<p>to closely align the employment sector to the needs of socio-economic development (p170)</p>	<p>capacity to respond to the needs of socio-economic development, especially through promotion of skills and professional training and retraining including apprenticeships, while encouraging private sector participation to promote higher productivity and incomes for both workers and employers.                  - Streamlining the education and technical and vocational training sectors especially in developing their frameworks and standards to facilitate student transfers from technical and vocational training to higher education (p34)</p>
---	--	---	---	--

Outcome 18	<p><u>Mainstreaming Trade:</u> Trade development objectives are fully mainstreamed in national development strategy and in product and service sector strategies</p>	<p>An Input Note was submitted in 2014 by MoC to MoP and SNEC for mainstreaming trade in NSDP and Rectangular Strategy. 75% of the results identified in Input Note prepared by MoC have been achieved by 2018</p>	<p>Senior Minister, Minister of Commerce, is chair of the Subcommittee on Trade and Trade-Related Investment and responsible for leading the implementation of the Trade SWAp</p>	<p>MoC will strengthen the implementation of the Trade Sector Program, focusing on trade facilitation and the private sector development (p165)</p>	<p>-Enhancing knowledge and human resource capacity in science and technology, especially in the priority sectors including agriculture, livestock farming and aquaculture, industry, energy, construction and physical infrastructure, ITC, healthcare and environment (p38)</p> <p>No mention in RS III</p>
Outcome 19	<p><u>Monitoring and Mobilizing Aid for Trade:</u> RGC's ability to M&amp;E Results of Trade SWAp is strengthened, leading to stronger mobilization of AFT inside and outside SWAp</p>	<p>Expected value of AFT during 2014-2018 grows by 30% from 2007-2011 period (AFT commitments during 2007-2011 were \$1.506 billion; AFT disbursements were \$942.766 million based on OECD/DAC data)</p>	<p>-MoC is preparing an MTP to assist in identifying mobilizing additional AFT needs -The MTP will identify possible ways to strengthen monitoring of implementation of Trade SAWp Roadmap</p>	<p>MoC will strengthen the implementation of the Trade Sector Program, focusing on trade facilitation and the private sector development (p165)</p>	<p>No mention in RS III</p>

Outcome 20	<p><u>Enhancing Private Sector Participation in AFT</u>: A better structured dialogue between private sector and Government contributes to efficient public-private partnerships for trade development based on AFT resources</p>	<p>At least 3 PPPs are established on an annual basis with participation from government and Private Sector in support of Cambodia's trade development goals by 2018</p>	<p>MoC will strengthen the implementation of the Trade Sector Program, focusing on trade facilitation and the private sector development (p165)</p>	
------------	---	--	---	--

Department of  
International  
Cooperation,  
Ministry of Commerce/  
National Implementing  
Unit



Supported by:  
Enhanced Inegrated  
Framework



Lot 19 - 61 MoC Road (113 B Road) Phum Teuk Thla, Sangkat Teuk Thla, Khan Sen Sok,  
Phnom Penh 12102, Kingdom of Cambodia  
Tel/Fax: (855) 23 866 074 | Email: [chhiengpich@gmail.com](mailto:chhiengpich@gmail.com)  
Website: [www.moc.gov.kh/tradeswap](http://www.moc.gov.kh/tradeswap) | Facebook: TDSP & EIF