



Royal Government of Cambodia



Trade Sector Wide Approach

Pillars' Road Maps

March 2012

Acronyms and Abbreviations

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AOP	Annual Operational Plan
APR	Annual Progress Report
ASEAN	Association of South East Asian Nations
ASYCUDA	Automated System for Customs Data
CSO	Civil Society Organization
D/ICO	Department of International Cooperation
DTIS	Diagnostic Trade Integration Strategy
FM	Financial Management
GDCE	General Department of Customs and Excise of Cambodia
G-PSF	Government-Private Sector Forum
IAD	Internal Audit Department (of MoC)
IMF	International Monetary Fund
KCA	Key Capacity Areas
KPI	Key Performance Indicators
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MBPI	Merit-Based Performance Incentive
MDTF	Multi Donor Trust Fund
MEF	Ministry of Economy and Finance
MIME	Ministry of Industry, Mines and Energy
MoC	Ministry of Commerce
MOU	Memorandum of Understanding
MULTRAP	Multilateral Trade Assistance Project
NSDP	National Strategic Development Plan
OSS	One Stop Service
PDoC	Provincial Department of Commerce
RGC	Royal Government of Cambodia
SAD	Single Administration Document
SEZ	Special Economic Zone
SPS	Sanitary and Phyto-Sanitary
SSC-TD-TRI	Sub-Steering Committee on Trade Development and Trade-Related Investment
SWAp	Sector-Wide Approach
TBT	Technical Barriers to Trade
TDSP	Trade Development Support Program
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
WB	World Bank
WTO	World Trade Organization

FOREWORD

Five years ago, in December 2007, the Royal Government of Cambodia (RGC) endorsed the Cambodia Diagnostic Trade Integration Strategy (DTIS) Update. The DTIS update outlined a number of sectors that had potential to benefit Cambodia's export growth and presented practical advice about how to achieve export success in those sectors. The path to achieving export success, however, remained elusive – a clearer pathway was required.

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To this end, the Ministry of Commerce devised a sector-wide approach (SWAP) as a means of clarifying the activities and objectives of all trade-related technical assistance activities in Cambodia. The objective of the SWAP was to integrate the activities of line ministries and development partners to ensure that the various projects underway pointed towards an agreed set of measurable objectives. The kind assistance of development partners and experts was crucial to this process.

The trade SWAP was structured around three pillars, each representing a key facet of Cambodia's trade environment. Pillar I dealt with regulatory issues, linking the domestic regulatory and institution-building agenda to Cambodia's recently signed commitments at the WTO and ASEAN. Pillar II looked at the individual sectors mentioned in the DTIS such as rice, cassava, mangoes. Pillar III dealt with the capacity of trade-related officials to formulate and implement effective trade policies.

In early-2010, working groups were set up for each Pillar to agree on targets and indicators that would be required to implement and monitor trade-related reforms across the SWAP. The end result of that process is contained here in the Consolidated Trade SWAP Roadmaps. These roadmaps are designed to be living, functional documents, regularly updated by the pillar working-groups as Cambodia's trade objectives and strategies evolve. The roadmaps represent a structure by which results can be checked, progress can be plotted and also by which the assistance of development partners can be transparently allocated in a manner agreed between all line Ministries.

The achievement of finalized and institutionalized roadmaps should not be underestimated. The results contained in this volume were possible due to the hard work of the line ministries involved and the effective deployment of resources from development partners. The Ministry of Commerce, while taking a lead in originating and disseminating the concept of a trade SWAP, gratefully acknowledges the efforts of all stakeholders in bringing this task to a successful conclusion.

The results are striking: The compiled roadmaps now offer an agreed set of activities and results indicators, establish an inter-ministerial reporting mechanism and provide a long-term vision for Cambodia's export success.

I would like particularly to credit the officials of the Royal Government who were involved in this exercise, whose commitment to the process was as important as the substance of their work. By working on the roadmaps, officials developed their planning capacity while reinforcing the resilience and ability of the Ministry of Commerce and the other agencies to respond to the challenges of the international market.

I am sure we are only at the beginning of an exciting new journey, which will bring us to full integration with the global economy, a place from which Cambodia can position itself as a base for investment and trade, thereby providing new opportunities to its young people, and spreading the benefits of economic integration to all levels of society.

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1. THE OVERALL VISION OF TRADE DEVELOPMENT IN CAMBODIA

1.1. In its effort to integrate in the multilateral trading system as a means to expand trade and stimulate economic growth, the RGC has been the first Least Developed Country (LDC) to complete negotiations to join the World Trade Organization (WTO), undertaking ambitious reform commitments in all areas covered by WTO agreements. Since the late '90s, Cambodia benefited from substantial Aid for Trade, which has been provided both by bilateral and multilateral Development Partners, including under the Enhanced Integrated Framework for Trade Related Assistance. *De facto*, Cambodia took the leadership among LDCs in pioneering new approaches to maximizing the benefit of Aid for Trade (AfT – see Box 1), including by setting up a Trade Sector Wide Approach (SWAp). Based on lessons learned during the implementation of the 2002 Diagnostic Trade Integration Study (DTIS), the RGC decided to develop a Trade Sector-Wide Approach (SWAp), led by the Ministry of Commerce (MoC). The Trade SWAp is a localized system providing a shared vision for trade sector development in a coherent and consultative way. It is also aimed at improving the RGC's absorption capacity of AfT increasingly made available to LDCs by other WTO members, and to increase Aid Effectiveness, in line with the principles spelled out in the 2005 Paris Declaration (see Box 2): ownership, alignment, harmonization, management for results and mutual accountability.

Box 1. Aid for Trade (AfT)

In the Hong Kong Ministerial Conference (December 2005) WTO member countries emphasized the importance of technical assistance and capacity building as necessary measures to support developing countries' efforts in the context of the Doha Development Round. The Hong Kong Declaration states that "Aid for Trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade". In 2006, the WTO General Council classified AfT using the following six categories: (a) trade policy and regulations; (b) trade development; (c) trade-related infrastructure; (d) building productive capacity; (e) trade-related adjustment; and (f) other trade-related needs.

1.2. In December 2007, the Royal Government of Cambodia (RGC) launched the Cambodia Trade Integration Strategy, which describes a comprehensive reform program to improve the business environment and create the conditions to help exporters strengthen their supply capacity. Cambodia exporters are bound to improve their competitiveness to offset the negative impact of disappearing tariff preferences and advantages and to take advantage of market access offered under bilateral and multilateral trade arrangements. In this perspective, urgent reforms are imperative in trade facilitation, investment facilitation, intellectual property protection, technical standards and packaging, sanitary and phyto-sanitary standards, trade information and promotion. Moreover the legal system needs to be completed to comply with international standards and obligations and effective enforcement is necessary to strengthen the business environment. The Trade Integration Strategy advocates a strong cooperation among the stakeholders of the trade sector: the problems related to systemic institutional weaknesses and scarcity of resources can be addressed only by improving inter-ministerial coordination, strengthening dialogue with the private sector and enhancing aid effectiveness.

1.3. Trade expansion and trade-related investment are critical ingredients to achieving the economic growth objectives stated in the RGC Rectangular Strategy. The competitiveness of Cambodian exporters can increase only if the RGC contributes to improving the business environment, by implementing trade reforms and improving governance in the trade sector. Consequently, the Trade SWAp's vision is the following: "In the next ten years, the RGC will be increasingly valued for its integrity, for its capacity to articulate and implement trade policies and strategies in consultation with all trade stakeholders and for its ability to enforce trade regulations aiming at strengthening competitiveness in existing export industries and at promoting export diversification". The vision will be pursued by maximizing the benefit of AfT and enhancing policy dialogue with the private sector, civil society and development partners. AfT is clustered around three sub-programs or Pillars:

- 1) Legal Reform and Cross-Cutting Issues
- 2) Product and Services Export Sector Development
- 3) Capacity Development for Trade

By taking up responsibility for designing and implementing the Trade SWAp, the RGC will improve its institutional capacity to plan, execute, monitor and report, as part of its progress towards attaining the objectives of the Public Finance Management reform. Once the vision is achieved, the RGC will have the capacity to design and implement a Mid-Term Expenditure Framework.

1.4. Pillar I covers issues that fall under the WTO's AfT category 1 (trade policy and regulations), including the completion of the RGC's Work Program for Legal Reform; improvement and simplification of Trade Facilitation procedures; finalization of the TBT and SPS systems; support to producers to meet standards and other requirements of import markets; strengthening of Intellectual Property regime; improvements of the investment regime, etc. Pillar II covers issues that fall under the WTO's AfT category 2 (trade development) and 3 (building productive capacity), with a specific focus on strengthening supply capacity of the 19 product and service sectors identified in the 2007 Trade Integration Strategy. Support will be provided to strengthening producers associations and government extension services, including in the area of SPS, export procedures, access to finance, investment and technology. Pillar III covers issues related to developing the capacity of RGC and other trade stakeholders to design and implement national trade policies and strategies (cross-cutting category in AfT definition).

1.5. The Trade SWAp vision can be achieved only if AfT effectiveness is enhanced, following the principles of the Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness, which is paraphrased in Table 1 to capture the peculiarities of the trade sector.

Box 2. Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness

The Declaration emphasizes RGC ownership and leadership over its development policies, strategies and development actions, including by developing sector plans within the framework of the NSDP. DPs committed to support RGC ownership by providing coordinated support to strengthen institutional and human capacity of ministries and agencies to achieve NSDP targets. They also committed to align their support on RGC's strategies, institutions and procedures. In view of supporting DPs' effort in alignment, the RGC undertook to promote long-term capacity development by undertaking capacity assessments and developing comprehensive capacity development strategies and actions at the sector level. Pursuant to this Declaration, DPs intensified efforts to coordinate their support to strengthen RGC's institutions, systems, and procedures and to use them to channel assistance. Commitments in the area of harmonization included: a) developing shared analyses and monitoring frameworks, common arrangements and simplified procedures for programs/projects management, including reporting and auditing; b) Increasing the proportion of development cooperation programs through Sector/thematic Programs, and other Program Based Approaches; etc. RGC and DPs decided also to work together on planning and monitoring the use of ODA to implement the NSDP and undertook to make necessary reforms to improve accountability and transparency.

TABLE 1: COMMITMENTS TO INCREASE AID FOR TRADE (AfT) EFFECTIVENESS

OWNERSHIP	
The Royal Government of Cambodia exercises full ownership and leadership over its trade policies, strategies and implementation measures	
The Royal Government commits to:	
<ul style="list-style-type: none"> • Prepare and update a Trade Integration Strategy, develop a monitoring framework and carry out an annual review of its implementation. Develop and update Trade SWAp Pillars road-maps in consultation with all stakeholders and align the national budget to support their implementation • Setting up the Department of International Cooperation in the Ministry of Commerce with the mandate to serve as the secretariat to the Steering Committee on Trade Development and Trade-Related Investment. 	
Development Partners commit to:	
<ul style="list-style-type: none"> • Respect RGC ownership and leadership of its trade reform agenda, and to provide coordinated support to strengthen institutional and human capacity of ministries and agencies to achieve the targets of 	

Trade SWAp Pillars.

ALIGNMENT

Development Partners will base their overall support on RGC's strategies, institutions and procedures

The Royal Government commits to:

- Put in place and maintain the Trade SWAp to increase transparency and accountability and to enhance aid effectiveness, by setting objectives, strategic outputs, and monitoring indicators as well as identifying any relevant support required, including existing Government resources and AfT.
- Seek synergies between the Trade SWAp and the Public Financial Management Program and the Public Administration Reform and lead efforts to promote long-term capacity development by undertaking capacity assessments and developing comprehensive capacity development strategies and actions for the trade sector.

Development Partners commit to:

- Base their overall support on the priorities outlined in the Trade SWAp road-maps for each Pillar and provide coordinated support to strengthen Trade SWAp's institutions, systems, and procedures.
- Avoid the creation of new parallel structures (PIU/PMUs) and make increasing use of Trade SWAp's institutions, systems and procedures.

HARMONIZATION

Development Partner's AfT is more harmonized, transparent and collectively effective

The Royal Government commits to:

- Continue to work with the WTO General Council and Secretary General, in order to increase AfT flows to Cambodia and to improve harmonization and alignment, including within the Enhanced Integrated Framework.

Development Partners commit to:

- Within each Trade SWAp Pillar, develop and adopt to the maximum extent possible shared analyses and monitoring frameworks, common arrangements and simplified procedures for programs/projects management, including reporting and auditing.
- Increase the proportion of AfT channelled through the Trade SWAp and reduce the number of separate, duplicative missions and diagnostic reviews and studies.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

The Royal Government commits to:

- Develop and Implement a framework to monitor the implementation of each Trade SWAp Pillar and prepare an annual progress review to be used to manage for results by reprioritizing and reallocating AfT, linking priorities to budget processes, to achieve targeted development results.

Development Partners commit to:

- Realigning to the maximum extent possible their programs and projects to the reprioritized activities in the Pillars' road-maps based on annual implementation reviews.
-

MUTUAL ACCOUNTABILITY

The Royal Government and Development Partners are accountable for development results

The Royal Government commits to:

- Strengthening the role of all trade stakeholders in the planning and implementation of the Trade SWAp, making available information on the use of AfT to enhance transparency and accountability.

Development Partners commit to:

- Provide timely, transparent, and comprehensive information on AfT flows to improve transparency and accountability and to promote the alignment of AfT resources with the Trade SWAp.

1.6. High-level indicators have been agreed to monitor progress toward the SWAp vision, including some strategic indicators under each Pillar (see Session III). D/ICO, in its capacity of Trade SWAp Secretariat, will have overall responsibility for monitoring and evaluation of all AfT interventions, including the TDSP, EIF, and other multilateral and bilateral programs. Annual monitoring exercises will be led by D/ICO with the participation of other Trade SWAp agencies from RGC and DPs. The results of these periodic progress reviews will be fed into adjustment of ongoing activities and programming of new interventions (see Session VI).

TABLE 2: KEY ECONOMIC INDICATORS

Objectives and Strategic Outcomes	Indicators	2009	Target 2012	Target 2014	Source
1. Trade Increases as a percentage of GDP, with impact on labor generation and poverty reduction 2. Export-base expands as a result of diversification (Pillar 2) 3. RGC increases capacity to articulate, implement and enforce trade policies and strategies (Pillar 3) 4. Responsiveness to private sector increases as a result of better dialogue 5. RGC improves planning, implementation and monitoring capacity by implementing Trade SWAp	Trade increases to GDP	33% (2010)	38%	39%	NBC (BoP)
	Non-garment products increase contribution to GDP	4% (2011)	4%	5%	GDCE
	Benchmarks in Trade-related Capacity Development Strategy (TRCDS) are met	TRCDS not yet available	TRCDS to be completed	TRCDS to be implemented	Monitoring reports of TRCDS
	G-PSF takes place regularly with results considered positive by both parties	Yes	GPSF to be held regularly	GPSF to be held regularly	Project reports
	AfT provided through Trade SWAp mechanisms increases	Trade SWAp not yet functional	Trade SWAp is fully functional	At least 2/3 of AfT are provided through SWAp	DICO annual reports

6. Products Quality and Safety is enhanced in line with international standards (SO.1.1)

Percentage of products that were found to be in accordance with standards on total of products tested

TBD
(National Standards are still being drafted)

N/A

N/A

Data from (semi) independent agencies responsible for quality testing

Decrease of containers notified/rejected for non compliance with SPS requirements

TBD
(National Standards are still being drafted)

N/A

N/A

7. Products Quality is enhanced in line with National Technical Regulations and international standards (SO.1.2)

Percentage of products that were found to be in accordance with National Technical Regulation on total of products tested

National Technical Regulations still being drafted

N/A

N/A

Data from (semi) independent agencies responsible for testing of product quality

Decrease of containers notified/rejected for non compliance with TBT requirements

TBT regulations still being drafted

N/A

N/A

8. More simple, transparent and cheaper import, export and transit procedures and processes practiced (SO.1.3)

Cost of import across borders per container

N/A

10% decrease by end 2012

ICA, Doing Business Indicators

Cost of export across borders per container

N/A

10% decrease by end 2012

ICA, Doing Business Indicators

Time from lodgment of accepted SAD to release of goods

24 hours

2 hours
ASYCUDA System

Timestamp in Custom's automated MIS

Rating of logistics environment in Cambodia improves compared to countries in same income group and region

Index 2.37, ranking 129 in 2010 (Lao 118, Myanmar 133)

Cambodia gains 10 positions in ranking by 2013

Logistics Performance Index (LPI)

9. Amount of Products/Services effectively protected under Cambodian IPR regime increases (SO.1.4)

Increase in the registration of domestic Trademarks

N/A

5% annual increase

MOC/IPD statistics

10. Identified legal shortcomings regarding WTO commitments are addressed (SO.1.5)

All obligations under WTO membership are fulfilled

Work Ongoing

As per accession protocol

WTO work program of RGC implemented

About 1/3 is completed and 1/3 is ongoing

Fulfilled as WTO accession schedule

WTO, minutes of Trade Policy Review meeting

WTO work program of RGC

	updated based on the results of the Trade Policy Review to be conducted in 2011	TPR drafted October 2011	Work program updated by June 2012	
11. Trade related Investment increase to support trade growth (SO.1.6) 12. Enhanced compliance with Cambodian labor law and core labor standards in manufacturing industry (SO.1.7) 13. SMEs, particularly in agriculture, get easier and formal credit to scale up their activities and improve export performance (SO.1.8) 14. Quality and quantity of trade information improves (SO.2.1) 15. Private sector operators are assisted by Trade Support Institutions to expand and diversify their exports (SO.2.2) 16. Exports of targeted products reach new markets and increase as a result of value chain integration (SO.2.3)	FDI and local investment increase	530 M usd approved investment	15% increase annually	CDC/CIB statistics
	Official employment increases	TBD	10% increase in tax payers (income tax)	
	Percentage of manufacturing firms that comply with core labor standards	TBD	TBD	Buyers Survey (ILO)
	Percentage of registered SMEs in agriculture and agro-processing with access to formal credit	About 50,000 in 2010	10% annual increase	NBC and Project Surveys
	Increase in exports for selected products and investment in selected sectors	TBD	5% annual increase for export and 10% for investment	MoC and CDC/CIB
	Number of Trade Support Institutions increases	NA	One additional TSI annually	Project Surveys
	Quality of services provided by Trade Support Institutions improves	NA	Annual Improvement in responses	Customers satisfaction surveys of traders
	Exports of targeted products penetration	NA	3 new markets in 2 years	EMAF / Market Incubator Program from WB
	Exports of targeted products increase	NA	3 new products in 2 years	

17. RGC institutions can effectively integrate, coordinate and implement trade related reforms (SO.3.1)

Reform agenda is implemented according to government strategy and international commitments (i.e. WTO, ASEAN, etc.)

Trade SWAp Road Maps are completed in 2011

Road Maps are updated and implemented

Project reports

18. An effective systemic approach to the development and implementation of trade policies is in place (SO.3.2)

All major National Policies are rooted in comprehensive research papers

Most NSDP trade policies are originating from research papers

All trade policies are originating from research papers in new NSDP

NSDP

19. Core institutional systems and skills ensure the effective development and performance of trade-institutions (SO.3.3)

Reliability on external consultants decrease as they are progressively replaced by officials' expertise

NA

10% annual decrease

Project reports

20. Stakeholders' awareness of Trade SWAp opportunities and results increases (SO.3.4)

Number of references to Trade SWAp in other ministries' official documents

NA

10% annual increase

Project reports

21. Designated RGC institutions can effectively represent and negotiate Cambodia's interests in trade at the bilateral, regional and multilateral for a (SO.3.5)

National program for negotiating trade reforms is implemented successfully

A national program is not in place

National program to be set up by mid 2012

Project reports

2. THE CAMBODIA TRADE INTEGRATION STRATEGY AND THE TRADE SWAP

2.1. Cambodia has established a remarkable track record of economic growth over the last ten years (8.0 percent per annum since 2001, Table 3). According to the government official national accounts figures released recently, real GDP grew by 0.1% in 2009 and 6.0 percent in 2010, marking an initial slowdown and the recovery pace of growth in the aftermath of the global financial crisis. Cambodia's bullish performance relies on four sources of growth: rapid garment exports, strong tourism receipts, continuing inflows of FDI, and robust crop growth in agriculture. Growth is underpinned by an open trade regime (merchandise exports have increased by 13 percent per annum since 2001) and a favorable investment regime for Foreign Direct Investment (FDI, 3.7 percent of GDP in 2001 expanded to 6.7 percent of GDP in 2010).

TABLE 3: KEY ECONOMIC INDICATORS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 /p
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Output, Employment and Prices											
Real GDP (% change y-y)	7.4	6.6	8.5	10.3	13.3	10.8	10.2	6.7	0.1	6.0	6.0
Domestic demand (% change y-y) 4/	4.6	9.9	9.6	16.1	19.3	12.1	17.3	18.3	2.7	10.7	14.5
Industrial production index (2000=100)	111.2	130	146	170	192	227	246	256	231	263	290
(% change, previous year)	11.2	17.1	12.0	16.6	12.7	18.3	8.4	4.0	-9.5	13.5	10.5
Unemployment rate (%)	1.8	..	..	1.1	..	..	0.9	1.7	..	..	..
Real wage growth (%)	..	..	..	..	..	..	..	..	..	..	..
Consumer price index (eop, % change y-y)	0.7	1.4	0.0	5.3	8.4	4.2	14.0	12.5	5.3	3.1	7.5
Public Sector											
Government revenues (% GDP)	10.0	10.5	9.6	10.3	10.3	11.5	11.9	12.0	11.5	13.1	13.3
Government expenditures (% GDP)	15.2	16.8	15.5	14.8	12.8	14.2	14.7	14.8	19.6	20.1	19.4
Government balance (% GDP)	-5.2	-6.3	-5.9	-4.5	-2.5	-2.7	-2.9	-2.8	-8.1	-7.0	-6.1
Foreign Trade, BOP and External Debt											
Trade balance (million US\$)	-523	-563	-581	-681	-1,018	-1,078	-1,343	-1,801	-1,634	-1,698	-1,859
Exports of goods, (million US\$)	1,571	1,755	2,087	2,589	2,910	3,693	4,089	4,708	4,196	4,687	5,483
(% change, previous year)	12.1	11.7	18.9	24.1	12.4	26.9	10.7	15.2	-10.9	11.7	17.0
Key export (% change y-y) 1/	17.2	15.7	19.7	23.2	10.5	21.1	8.1	3.3	-19.0	24.4	25.0
Imports of goods, (million US\$)	2,094	2,318	2,668	3,270	3,928	4,771	5,432	6,509	5,831	6,384	7,342
(% change y-y)	8.0	10.7	15.1	22.5	20.1	21.5	13.8	19.8	-10.4	9.5	15.0
Current account balance (million US\$) 2/	-347	-357	-493	-435	-606	-522	-705	-1280	-1,203	-1,570	-1,631
(% GDP)	-8.7	-8.4	-10.6	-8.2	-9.7	-7.1	-8.1	-12.4	-11.6	-13.5	-13.0
Foreign direct investment (million US\$)	150	139	74	121	375	475	866	795	525	762	1,332
External debt (million US\$) 5/	1,321	1,551	1,801	2,088	2,131	2,245	2,555	2,808	3,054	3,514	3,813
(% GDP)	33	36	39	39	34	31	29	27	30	30	30
Short-term debt (million US\$)	224	217	221	262	279	209	218	218	218	218	218
Debt service ratio (% exports of g&s, accrual bas)	2.9	2.6	2.6	2.1	1.8	1.4	1.0	1.0	1.1	1.1	1.1
Foreign Exchange Reserves, Gross (millions US\$)	548	663	737	809	915	1,097	1,616	2,164	2,367	2,653	3,080
(months of imports of g&s)	2.7	3.0	2.9	2.6	2.4	2.4	3.1	3.4	4.1	4.3	4.2
Financial Markets											
Domestic credit (% change y-y)	-4.1	8.6	28.3	33.0	22.6	35.7	70.7	51.1	19.9	35.3	35.0
Short-term interest rate (% p.a) 3/	17.5	17.5	17.3	16.7	16.2	16.4	16.0	15.8	15.0	15.0	15.0
Exchange rate (Riel/US\$, eop)	3,900	3,935	3,980	4,031	4,116	4,061	4,003	4,081	4,169	4,053	4,100
Real effective exchange rate (2000=100)	99.7	97.9	91.9	89.6	90.5	92.4	95.1	111.7	111.3	108.0	..
(% change y-y)	-0.3	-1.8	-6.1	-2.5	1.0	2.1	3.0	17.4	-0.4	-2.9	..
Stock market index (end-period, Aug 88=100)	..	..	..	..	..	..	..	..	..	..	..
Memo: Nominal GDP (million US\$)	4,004	4,264	4,657	5,318	6,257	7,350	8,754	10,284	10,328	11,608	12,529
Memo: Nominal GDP (billion Riels)	15,617	16,781	18,535	21,438	25,754	29,849	35,042	41,968	43,057	47,048	51,367

Sources: Government Authorities, IMF and Bank Staff Estimate

2.2. With the global economic crisis, macroeconomic management has become much more challenging. It had been largely conducive to sustained rapid growth and low inflation during 2001-2010 averaging 5.5 percent. However, inflation was expected to pick up in 2011 with expected increase to 7 percent, driven mainly by external factors (global oil and food prices as well as inflation imported from Thailand and Vietnam) and to a lesser degree to internal factors (supply constraints in some sectors, like construction, and rapid growth of credit to the private sector). In late 2008, the impact of the global financial turmoil has started to impact Cambodia in 2009. Although

the limited development of its financial sector largely shields the economy from the direct impact of the crisis, Cambodia is vulnerable through (i) its openness to trade (goods and services, through tourism) and investment, and (ii) the very rapid development of its financial sector over 2005-08 and the related risks this generated.

2.3. External developments were deteriorated in 2008. With pressure from high world oil prices and decelerating garment exports, the current account deficit (excluding transfers) increased to 15.2 percent of GDP in 2008 but thing improved in 2010 with current account deficit fell to 11.7 percent of GDP in 2010. That was financed by large official transfers as well as, increasingly, private capital inflows. Gross international reserves expanded to US\$2.7 billion (4.3 months of imports of goods and services). Large inflows of private investment, remittances, and foreign assistance have so far enabled the authorities to maintain increasing international reserves. In recent years, the riel has been stable vis-à-vis the dollar in nominal terms, leading to some depreciation vis-à-vis other currencies. Fluctuations of the riel in real terms have a diffused impact given the de facto dollarization of the economy.

2.4. Strong macroeconomic performance has overall been buttressed by prudent fiscal and monetary policies. Bank and Fund staffs have concluded that Cambodia's macroeconomic policy framework is appropriate and sustainable, although recent price developments deserve close monitoring. The 2008 Article IV supports the RGC's macroeconomic and structural reform agenda.

2.5. Despite strong prospects for growth, challenges remain many. First, agriculture, still the dominant part of the economy, has been growing at only 4 percent per annum in recent years and growth has been very volatile. Second, exports of goods and services are narrowly based on garments (which are mainly exported to the United States and which now face stiffer competition from Vietnam since its accession to the World Trade Organization – WTO –, from Bangladesh and possibly soon from China) and tourism (mostly in the areas of Angkor Wat): export diversification is one of RGC's policy priorities. Third, the rapid growth of the financial sector, together with its exposure to large borrowers and to real estate, raises a number of concerns for the sustainability of the sector. Renewed efforts for bank supervision, gradual deepening of the NBC's monitoring tool (such as indicators of liquidity, wages, asset prices), and prudent monetary policy are necessary to proactively manage the sector's rapid growth. Fourth, recent inflation developments require monitoring and an adequate policy response. Finally, the discovery of significant amounts of offshore oil (and possibly other mineral resources) could be a major opportunity as well as a major challenge.

A. THE TRADE SECTOR

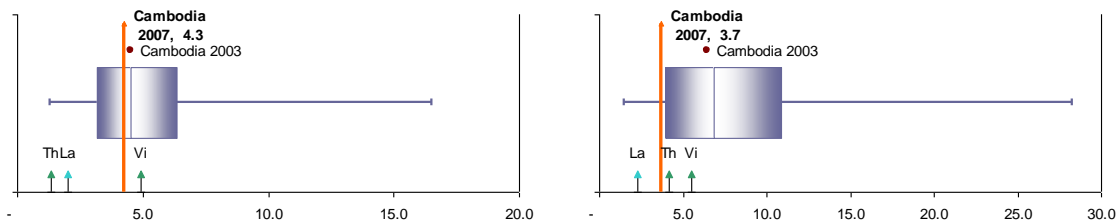
2.6. Cambodia's exports have been growing very rapidly, driving growth over the past decade. Starting from 16 percent of GDP in 1993, exports of goods and services accounted for 55 percent of GDP in 2010 (40.5 percent for merchandises and 14.5 percent for tourism). This rapid growth has been one of the main drivers of Cambodia's strong economic performance. In parallel, imports of goods and services have increased from 32 percent to 64 percent. This has been made possible through a combination of horizontal policies – such as the lowering of tariff and the accession to the WTO in 2004 – and targeted policies (tax incentives, increased quotas for the garment sectors). The general macroeconomic and security environment described above also played a key role.

2.7. Nevertheless, trade faces a number of challenges, as evidenced by the erosion of growth in garment exports and the narrow export base. First, garments and tourism account for most of the exports, with very little diversification towards new goods and services. Even within garments, there has been little diversification beyond low-end garments and the US market (which, for a historical reason related to increased access to quotas under the Multi-Fiber Agreement, is the main export market). Second, although tourism exports remain strong and growing (the number of tourists reached the 2.5 million bar in 2010). Third, agricultural products are exported mostly informally to neighboring countries with very limited processing taking place in Cambodia. Formal exports of food are hampered by lack of processing capacity, difficulties in meeting quality standards of importing countries and sub-optimal trade facilitation infrastructure. However, there has been encouraged sign of growing milled rice exports through official channel over the past 12 months, mainly after the government announced - on July 25, 2010 - the national policy to promote paddy rice production and export milled rice.

2.8. Progress and challenges are also evident from a number of indicators. Investment climate surveys showed that the average time to clear exports went down from 4.5 days in 2003 to 4.3 in 2007 and for imports in the

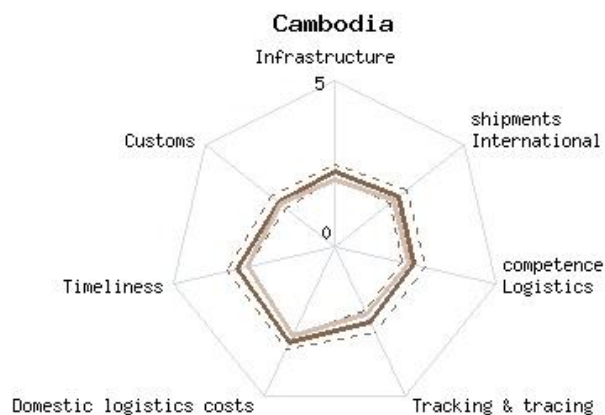
manufacturing sector from 6.5 to 3.7 days (with stronger improvements for the garment sector). The 2010 Logistics Performance Index ranks Cambodia 129th among 155 countries. The Doing Business indicators on trading across borders, despite improvements in recent years, ranked Cambodia at the 118th position among 183 countries. Feedback from the private sector points to the need to further facilitate trade, simplify processes, and make them transparent. However, the average time to clear import/export has been significantly improved to within 24 hours in 2010 through the ASYCUDA System. Source: World Bank (2010), TFCP Implementation Support Mission Aid Memoir, December 13-17, 2010. The issue of informal fees remains salient as well.

FIGURE 1: BORDER CLEARANCE TIME
A/ EXPORTS B/ IMPORTS (MANUFACTURING SECTOR)



Note: the box represents the 25th and 75th percentile of the distribution and the middle line the median. The extreme of the bar represents the min and max of the distribution. Cambodia's performance in 2003 and 2007, as well as Lao, Thailand, and Vietnam are also displayed. Source: Cambodia investment climate surveys, and www.enterprisesurvey.org.

FIGURE 2: LOGISTICS PERFORMANCE INDICATORS



The dashed line is showing the confidence interval.

Source: World Bank, <http://go.worldbank.org/88X6PU5GV0>.

2.9. The first challenge to improve trade performance is to continue to make progress on the regulatory front and on developing institutional capacity to implement legislation. The accession to the World Trade Organization (WTO) in 2004 energized the legal reform agenda, which is now anchored to multilateral commitments. The Customs Law was enacted in 2007 and a first batch of supporting regulations has since been adopted. The ASEAN Harmonized Tariff Nomenclature were introduced in 2000. The unweighted average tariff rate is 11.74% by 2011. Further progress is required to implement the Customs Law and complete the legal agenda that Cambodia committed to as part of the WTO accession. Progress has been made with the promulgation in 2005 of the Law on Commercial Enterprises and with several legal interventions to regulate Intellectual Property Rights. A comprehensive legal reform program is underway, as described in Table 4. On the institutional front, the Ministry of Commerce (MoC) has been restructured in 2007, paving the way for introducing a results-based management system, based on a clear delineation of tasks and responsibilities among department and officials and with the prospect of introducing a systematic review of performance. Capacity – individual and institutional – needs further

development, not only in the MoC but also in other relevant institutions. A major institutional challenge is to further improve inter-agency coordination, primarily with the Ministry of Industry, Mines and Energy and the Ministry of Agriculture, Forestry and Fisheries (see below).

TABLE 4: UPDATE ON WTO ACCESSION LEGAL AGENDA (2011)

Area	Law/regulation	Status/comment
Trade	Customs Law	Promulgated July 2007; most sub-decrees approved
	MEF Regulation 387	Adopted 2008 – implements Customs Valuation Agreement
	Sub-decree 209	Adopted 2007 on list of prohibited and restricted goods
	MoH Regulation 1031	Adopted 2008 – allows any registered firm to engage in import of pharmaceuticals
	Law on Trade Remedies	At ministerial level - final draft in English, working on Khmer version
	Law on Rules of Origin	Draft under discussion at ministerial level
	SEZ law	Sub-decree adopted in 2005; law under preparation
	Law on Standards	Promulgated 2007; Sub-Decree No. 62 on Institute of Standards adopted in 2008
	MAFF Regulation 589	Promulgated 2003 – eliminates QRs on pesticide and fertilizer imports
	Anukret 15 on Plant Quarantine	Adopted 2003
Investment	Anukret 16 on Control of animal Hygiene and Animal Products	Adopted 2003
	Inter-ministerial Prakas 868 on food safety	Adopted 2010
	Law on e-commerce	First draft in English under consideration at ministerial level
	Amendment to the Investment Law and related sub-decrees	Law promulgated in 2003; several sub-decrees adopted, including No. 111 (2005) abolishing incentives contingent on export performance and No.149 (2005) on the establishment of the CDC
Competition IPRs	Law on Competition	First draft in English under consideration at ministerial level
	Sub-decree implementing the Law Concerning Marks, Trade Names and Acts of Unfair Competition	Adopted 2006
	Law on Geographical Indications	Draft near completion
	Law on Integrated Circuits and Layout Designs	Draft under development at ministerial level
	Law on Trade Secrets and Undisclosed Information	Draft under development
	Law on Seed Management and Plant Breeder Rights	Promulgated 2008; contains provisions protecting new plant varieties
	Regulation on IP Border Measures	Under consideration at ministerial level
	Law on Patents	In force since 2002. Two Prakas adopted in 2006 on procedures for: registration of industrial designs, and granting patent and utility model certificates
	Law on Copyright and Related Rights	Promulgated in 2003
	Prakas on Trade Mark Agent	Adopted in February 2011
Business framework	Sub-decrees on the establishment of a national Committee for IPRs (NCIPR) and sub-committees on enforcement and education	Adopted 2008; sub-committees sub-decrees finalized and to be sent to the Council of Ministers
	Draft compulsory licensing law/regulation for public health	Draft under preparation at ministerial level
	Law on Commercial Court	Draft under preparation at ministerial level
	Law on Judicial Organization	Allows special courts to be established; draft under consideration at the Council of Jurists
	Law on Insolvency	Promulgated in 2008; sub-decrees under preparation
	Law on Commercial Contracts	Draft under consideration by inter-ministerial meeting
	Law on Commercial Agency	Draft under preparation at ministerial level
	Law on Commercial Arbitration	Promulgated in 2006; 2009 Sub-Decree No. 124 established NAC
	Civil Code, Civil Procedural Code, Criminal Code and Criminal Procedural Code	Civil and criminal procedural codes promulgated in 2006 and 2007, respectively; others promulgated between 2007 and 2010
	Law on Anti-Corruption	Promulgated in 2010
Services	Law on Commercial Enterprises	Promulgated in 2005
	Law on Concessions	Promulgated in 2007; sub-decrees under preparation
	Law on Telecommunications	Draft law to separate operations from regulation and establish independent regulatory body - under consideration at ministerial level

Area	Law/regulation	Status/comment
	Amendment to the Labour Law	Horizontal commitments: to allow work permits for foreigners to be issued for 2-year periods with possibility of renewal up to 5 years. Under preparation at ministerial level
	Draft amendment to the Law on Land Management and Urbanization	GATS commitment: to allow foreign licensed architects to sign off on large projects. Under preparation at ministerial level
	Amendment of the Law on Bar	GATS legal services: to bring various provisions into conformity with commitments. Under preparation at ministerial level
	Law on Tourism	Promulgated in 2009; 2009 Prakas on minimum standards for tourism resorts
	Prakas on minimum standards in hotels	Adopted 2009
	Law on Maritime Transport	Work ongoing to ensure that draft law contains provisions covering additional commitments
	Law on Insurance and Reinsurance	Draft under preparation at ministerial level
	Law on Financial Leasing	Promulgated in 2009
	Law on Civil Aviation	Promulgated in 2008

Source: WTO Secretariat, based on information provided by the Cambodian authorities..

2.10. Second, business and trade must be facilitated by simplifying documentary requirements and making them more transparent. In January 2008, a Single Administrative Document (SAD) was implemented in its manual version prior to the electronic version which was later implemented since May 2008 with ASYCUDA pilot site at the Port of Sihanoukville (see below). After that, the electronic SAD has been implemented at other customs offices together with the roll-out and extension of ASYCUDA. The SAD simplifies and standardizes the documentary requirements for customs declaration on import and export. Moreover, the MoC has significantly enhanced the availability of information to businesses and traders, by documenting and making available on the MoC website a number of regulations and processes. An export booklet was prepared and disseminated by the RGC and the private sector. The MoC is also starting to design a website providing trade information to enable the publication of trade-related information on individual ministry and agency websites and the establishment of a virtual link of this content. However, progress toward a Flat Fee for Services (part of Government's commitment) has been very limited so far.

2.11. Third, a well thought-through risk management strategy has reduced substantially the number of containers physically open, while improving control. After the issuance of a Sub-Decree 21 on Trade Facilitation through Risk Management in March 2006, progress has been made in a number of areas. First, a Risk Management and Audit Office has been created and staffed in the General Department of Customs and Excise of Cambodia (GDCE). The next step is for other agencies to create their risk management Units. Second, progress has been made to implement a risk-based approach at the border: (i) a list of prohibited and restricted goods has been agreed (and its length has been rationalized); (ii) Inter-Agency Coordination Group on Trade Facilitation through Risk Management was established by provisions of the MEF's Prakas No. 1015 dated 24 October 2006; (iii) Inter-Ministerial Prakas (Kind of Service Level Agreements) between MEF and other four ministries: MoC, MoH, MIME, and MAFF were already signed; (iv) The Traders' Credibility Management System has been established to profile traders by using 28 risk indicators; (v) 10 selectivity criteria have been developed, constantly updated and provided to ASYCUDA for the selection of treatment channel for import/export shipments; and (vi) the Customs Risk Management Database System (CRMDS), which is a more advanced and secured system, was just developed and operated in the GDCE since February 2011.

2.12. Fourth, building on the SAD and better risk management, the RGC is computerizing its customs system. Although there was delay in project implementation, an important milestone was met in May 2008 with the launch of the ASYCUDA (Automated System for Customs Data) pilot site in the Port of Sihanoukville. After that, in the roll-out stage, since 2009, the ASYCUDA was expanded to be operational in two other main customs offices: Phnom Penh International Airport and Dry Port Customs Offices. To date, in the project extended period, the system will be developed very soon in the Excise Department, Export Office, and other 17 check-points around the country. The computerized system is expected to facilitate business for traders, improve security through better screening and risk management, and enhance revenue collection. The RGC plans to roll the system to other CED offices. ASYCUDA, together with the planned automation of the trade processes at the MoC (with its linkage to ASYCUDA), will be key steps to prepare Cambodia to connect to the ASEAN Single Window.

2.13. Fifth, some of these measures could be piloted in Special Economic Zones (SEZ). The RGC has adopted over the last few years a policy to promote SEZ, which is described in the Sub-Decree on the Establishment and Management of the Special Economic Zones, signed by the Prime Minister in December 2005. A number of SEZs are being set up, with four fully operational. For each operational SEZ, the RGC creates a One-Stop Service (OSS) with the key public agencies co-located. Simplification and automation of processes, as well as better access to information could be piloted at that level.

2.14. Sixth, improving products quality to meet TBT and SPS standards is becoming increasingly important to expand Cambodia's export base. The legal framework in this area remains insufficient – including the Law on Standards that does not comply with the provisions of the WTO Agreement on TBT. There are only a few private Cambodia-based organizations that are internationally recognized and no Government accredited technical body for certification. Some promising alternatives have developed, including through the use of overseas organizations: those must be protected, while enabling the development of a better infrastructure for standards. In SPS areas, there are instances of duplications of functions. Hence a priority is to develop a roadmap for delineating tasks and responsibilities of the government agencies involved and developing new regulations and institutional capacity.

2.15. Seventh, a number of these issues are combined to constrain exports diversification. Cambodia's Trade Integration Strategy identifies 19 products with export potential: garments, tourism, footwear, rubber, cassava, fishery, rice, fruits and vegetables, wood products, light manufacturing, labor services, soybeans, silk, livestock, cashew nuts, corn, beer, web-based services, and transport services. For each, a number of constraints relate to trade – including costs of transport and goods clearance, standards, logistics, access to credit, etc. Protection of core labor standards has proved to support competitiveness of Cambodian garment industry: measures to strengthen the current system to promote and protect labor rights could also be extended to other industries. The RGC is committed to prioritize interventions to support development of these specific products, both removing cross-cutting business environment constraints.

2.16. Eighth, Government effectiveness in formulating and implementing its policies is weakened by lack of coordination. Progress in implementing the risk management strategy or making a breakthrough in terms of ensuring that agri-business products meet market standards, for instance, has been hampered by lack of a clear delineation of responsibilities among ministries, departments and agencies. More generally, developing institutional capacity to develop and manage the trade agenda, in the context of the overall public administration and public finance management reforms, remains an important undertaking.

2.17. Finally, regular feedback from the private sector is key to maintain the reform momentum and to focus government interventions in crucial areas to improve the business environment. The RGC has established a good track record of such dialog, through the Government – Private Sector Forum (G-PSF) which is facilitated by the IFC. The G-PSF has eight working groups (one of which on exports) and bi-annual high-level meetings chaired by the Prime Minister. A number of quantitative and qualitative surveys (including two investment climate surveys) have also been made. A time-to-release study (tracking with time stamps containers going through customs) was also conducted in 2005, although the measurement effort was not sustained. Further progress could be made by systematizing user feedback surveys to inform the reform process and ensure accountability.

B. THE THREE PILLARS OF THE TRADE INTEGRATION STRATEGY

2.18. The RGC's Rectangular Strategy and the National Strategic Development Plan (NSDP) place Private Sector Development (PSD) and trade at the center of the reform agenda. Considerable progress has been made in implementing the RGC policies in this area, which were initially outlined in the DTIS 2002. In 2004, a work program resulting from WTO accession (see Table 4), a 12-point action plan on trade facilitation (Annex 1), and a Blue Book on investment promotion and facilitation were adopted. Progress on the 12-point action plan has been mixed with delays in some important areas. Despite a few significant results – such as lower registration costs, initial computerization of customs, and introduction of risk management practices –, challenges remain many, including multiple and unpredictable fees, insufficient coordination across agencies, and weak monitoring systems. In 2007, the Trade Integration Strategy updated the first DTIS, consolidating and updated ongoing reform plans and introducing interventions in additional areas.

2.19. Using an Export Potential Assessment analysis, the Strategy identified 19 products and services with strong potentials to drive export diversification in Cambodia. These include current exports such as garments, tourism, footwear or labor services with strong prospects for continued growth as well as new ones such as livestock, wood products, light manufacturing or even web-based services. These 19 sectors stand out as a result of a combination of favorable factors including rapid increase in world demand, domestic supply conditions, or their potential positive impact on income creation and poverty reduction. As part of the Export Potential Analysis, an Attractive Market Analysis was also conducted, to understand which destination markets Cambodian exporters might target. The analysis indicated that, beside the traditional markets in Europe and USA, the most attractive markets are Asia, the Middle East, former Soviet Union countries, and Africa. The second important finding is that Cambodian exporters no longer benefit as in the past from tariff preferences and advantages, since their main competitors in those markets are LDCs that benefit from similar tariff advantages and because tariffs have been considerably lowered in the international trading system. The Trade Integration Strategy concludes then that Cambodian exporters are facing a new “competitiveness paradigm”: due to the disappearing tariff preferences and advantages, Cambodia exporters must increasingly learn to compete based on the strength of their domestic supply capacity. Quantity, productivity, timeliness, and quality of domestic supply have become the key drivers of export success. It is here that government has a key role to play. While progress has been made in recent years, the RGC, in partnership with trade stakeholders, must continue improving the legal and service infrastructure that help exporters strengthen their supply capacity. Priority areas include trade facilitation, investment facilitation, intellectual property protection, technical standards and packaging, sanitary and phyto-sanitary standards, trade information and promotion, as well as a push forward on the legal reform agenda aimed at strengthening the business environment. A third and final major theme of Cambodia’s 2007 Trade Integration Strategy is that success in implementing the strategy will require strong ownership by the Government, strengthened coordination across ministries, and vigorous development of institutional and human resources required to manage the process.

2.20. To implement the Trade Integration Strategy, the RGC has put forward a programmatic approach to reforming trade. This is structured in the Trade SWAp, organized around three pillars:

- (i) cross-cutting reforms (including legal reform, trade facilitation, SPS / TBT, investment promotion, intellectual property rights);
- (ii) sector specific reforms (focusing on the 19 priority products identified by the DTIS); and
- (iii) capacity building (both individual and institutional).

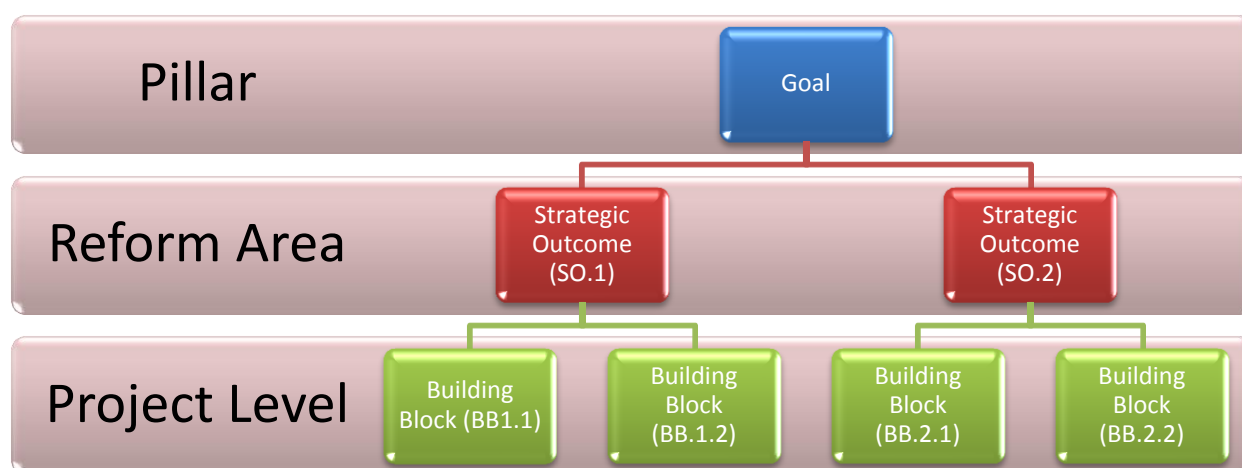
2.21. Each pillar is built on the tenets of ownership, alignment, harmonization, managing for results, and mutual accountability (see table 1). Ownership, alignment and harmonization are pursued by setting up a system to manage for results and to ensure mutual accountability of RGC and DPs. The Trade SWAp provides for the process and procedures to define and manage the trade agenda, by using a framework to monitor the achievement of targeted development results. This reform program is described in Pillar Road-Maps. They are expected to help the RGC and DPs to improve strategic planning of specific interventions that will incrementally support – over the next 10 years – the attainment of the RGC vision described in paragraph 1.6. The three Road-Maps promote a coordinated strategic approach at three different levels that necessarily complement and complete each-other: the first Road-Map focuses on trade policy and regulation, the second on supply-side issues and the third deals with capacity development which is – by definition – cross cutting. The Road-Maps’ structure aims at providing a strategic perspective, while operational details are captured in specific Action Plans for each Building Block. Action Plans will be developed and implemented when technical analysis is deemed sufficient and the political capital to implement reforms in that particular area is mature. Road Maps will undergo annual reviews which will also contribute to spell out in more detail Building Blocks’ Action Plans.

2.22. The RGC aims to achieve one specific Goal for each pillar (see figure 1), which is broken down in specific Strategic Outcomes and Indicators for each of the priority reform areas identified in the Trade Integration Strategy. Strategic Indicators measure progress over the mid-term, usually 3 years. The RGC expect to obtain each outcome by completing the implementation of a sequence of Building Blocks. Progress in each Building Block is measured with Performance Indicators, which measure short-term progress (18 months). Specific activities are listed in Action Plans that describe for each Building Block a detailed sequence of interventions. Strategic Outcomes and Indicators, Building Blocks and Performance Indicators will be numbered to facilitate monitoring functions. In more complex domains under the responsibility of multiple institutions, for instance as SPS / TBT or trade facilitation,

having an agreed set of building blocks will help to sequence and prioritize the design of specific actions/projects. Their implementation will incrementally contribute to tackle reforms in difficult areas. Numbering Strategic Outcomes and Building Blocks will support orientation of stakeholders in a very complex environment. It will also help to focus individual interventions in specific reform areas, setting boundaries with and links to other related interventions.

2.23. Not only will the Trade SWAp maximize effectiveness of AfT offered by DPs; by developing, implementing and monitoring this structure, the RGC will improve its institutional capacity to articulate trade policies and strategies in consultation with all stakeholders and to enforce trade regulations aiming at strengthening competitiveness in existing export industries and at promoting export diversification, as stated in its vision statement.

FIGURE 3: ROAD-MAPS STRUCTURE



3. PILLAR 1 GOAL, STRATEGIC OUTCOMES AND BUILDING BLOCKS

3.1. This section describes the Pillar 1 Goal, broken down in Strategic Outcomes corresponding to each priority reform areas, measure by one or two high-level Strategic Indicators. At the next level, Performance Indicators measure operational advancements towards achieving strategic outcomes, and they correspond to the progress obtained in implementing activities in each of the Building Blocks identified. Each subsection describes the background for each reform area, the key agencies and development partners working on it, and the specific strategic outcomes, and strategic indicators corresponding to each building block.

3.2. Pillar 1 Goal is to strengthening competitiveness in existing export industries and promoting export diversification by improving the formulation and implementation of trade policies and regulations. The main reform areas identified in the RGC Trade Integration Strategy include: a) Sanitary and Phyto-Sanitary Standards (SPS) and Technical Barriers to Trade (TBT); b) Trade Facilitation; c) Intellectual Property Rights; d) Legal Reform; e) Investment Promotion; f) Labor Standards and g) Trade Finance.

A. SANITARY AND PHYTO-SANITARY STANDARDS / TECHNICAL BARRIERS TO TRADE

3.3. Most of the products identified as high export potential by the Trade Integration Strategy 2007 are SPS sensitive (Box 3). Both SPS and TBT are increasingly important and challenging for Cambodian exporters as they are closely linked to quality standards expected by the international market. The key Building Blocks to make improvements in this area are: (i) put in place legal and regulatory framework for SPS and TBT consistent with WTO's SPS and TBT Agreements; (ii) develop a organizational and technical capacities of public and private subjects dealing with SPS and TBT based on capacity assessments by International bodies (WTO) and agencies concerned (linked to Pillar 3); (iii) enforcement of SPS and TBT Laws and Regulations with the objective of protecting human, plant and animal health and in compliance with importing countries' requirements and (iv) disseminate information and awareness to the private sector.

3.4. Key public agencies in SPS and TBT include:

- Food Safety: MAFF, MOC, MEF, MIME, MOH and MOT (Inter-ministerial Decision No. 865, of 22nd October 2010)
- Plant Health (Phyto-sanitary) and Animal Health (Animal Sanitary): GDA and DAHP/ MAFF
- TBT: MIME (Enquiry Point) and Line Ministries as Committee members

Key DPs in this sector include: ADB, FAO, and UNIDO. ADB, in particular, is leading DPs coordination in this reform area.

TABLE 5: SPS

Strategic Outcome		Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.1 Products Quality and Safety is enhanced in line with international standards	KPI.1.1.a Percentage of products that were found to be in accordance with standards on total of products tested	TBD (National Standards are still being drafted)	TBD	Data from (semi) independent agencies responsible for quality testing
		KPI.1.1.b Decrease of containers notified/rejected for non compliance with SPS requirements	As above	TBD	National statistics
Building Blocks		Key Performance Indicators	Baseline 2009	Target	Source

Operational level	BB. 1.1.1 Delineation of RGC Ministries, Agencies and Departments' mandates, tasks and responsibilities on SPS issues	<p>KPI.1.1.1.a A Sub-Decree on delineation of mandates issued</p> <p>KPI.1.1.1.b Evidence that the competent agencies act effectively on their mandate</p>	Completed in 2010	TBD	TBD	<p>Trade Policy Review</p> <p>Qualitative enquiry on key agencies concerned</p> <p>Reports on food safety, animal diseases and plant pest situation in the country</p>
	BB.1.1.2 Review and adaptation / completion of the legal and regulatory framework for SPS in line with international standards	<p>KPI.1.1.2.a The Food Safety Law (and the related Sub Decree or Circular on safety requirement for specific food) is drafted, reviewed and implemented</p> <p>KPI.1.1.2.b The Animal Health & Production Law is drafted, reviewed and implemented</p> <p>KPI.1.1.2.c The Plant Protection and Quarantine Law is drafted, reviewed and implemented</p>	NA	Draft completed by 2013	Draft to be completed by 2012	<p>Notifications of the law to WTO</p> <p>Notifications of the law to WTO</p> <p>Notifications of the law to WTO</p>
	BB.1.1.3 Capacity Assessment and Development of institutions dealing with SPS (link with Pillar 3)	<p>KPI.1.1.3.a Comprehensive capacity assessment is carried out</p> <p>KPI.1.1.3.b Capacity Development Plan on SPS is implemented</p>	NA	By end of 2012	Implementation starting in 2012	<p>Project monitoring reports</p> <p>Project monitoring reports</p>
	BB.1.1.4 Draft and endorsement of National SPS Standards in line with international commitments	KPI.1.1.4.a Number of National Standards on SPS measures drafted and implemented	8 rice standards and 4 other standards are being drafted (2011)	12 new standards implemented		Trade SWAp monitoring reports
	BB.1.1.5 Design and implementation of a Plant Pest Risk Assessment (PRA) framework for plant product imports	<p>KPI.1.1.5.a Qualitative aspects of the PRA Framework are drafted</p> <p>KPI.1.1.5.b The PRA Framework is implemented</p>	NA	TBD	TBD	<p>Qualitative enquiry on key issues concerned</p> <p>Qualitative enquiry</p>

	BB.1.1.6 Awareness and information programs on SPS	KPI.1.1.7 Awareness and practice of private sector stakeholders regarding SPS issues and compliance with importing countries' requirements	NA	TBD	KAP survey conducted amongst private sector stakeholders
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TABLE 6: TBT

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.2 Products Quality is enhanced in line with National Technical Regulations and international standards	KPI.1.2.a Percentage of products that were found to be in accordance with National Technical Regulation on total of products tested	National Technical Regulations still being drafted	TBD	Data from (semi) independent agencies responsible for testing of product quality
		KPI.1.2.b Decrease of containers notified/rejected for non compliance with TBT requirements	TBT regulations still being drafted	TBD	
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB. 1.2.1 Delineation of RGC Ministries, Agencies and Departments' mandates, tasks and responsibilities on TBT measures	KPI.1.2.1.a A Sub-Decree on delineation of mandates is issued	NA	To be drafted by end 2012	Trade Policy Review
		KPI.1.2.1.b Evidence that agencies act effectively, cooperating to implement their mandates	NA	TBD	Qualitative enquiry on key agencies concerned
	BB.1.2.2 Review and adaptation / completion of the TBT's legal and regulatory framework , technical regulations and standards	KPI.1.2.2.a Law on Standards and related regulations are in line with WTO/TBT Agreement	Amendments are necessary	To be completed by mid 2013	Notifications to WTO
		KPI.1.2.2.b Standards and conformity assessment procedures issues by related ministries, in line with the WTO/TBT Agreement	12 standards are being drafted	12 standards completed by 2012	Notifications to WTO
	BB.1.2.3 Capacity Assessment and Development for institutions dealing with TBT (link with Pillar 3)	KPI.1.2.3.a Comprehensive capacity assessment is carried out	NA	By the end of 2012	Trade SWAp monitoring reports
		KPI.1.2.3.b Capacity Development Plan on TBT is implemented	NA	Starting in 2012	

	BB.1.2.4 Accreditation of Laboratories and Certification Bodies and establishment of ILCC and ISC CAB as Special Operating Agencies (SOAs)	KPI.1.2.4.a Number of Cambodian Certification Bodies accredited KPI.1.2.4.b ILCC and ISC CAB become SOAs	ILCC accredited in 2011	ISC to be accredited by 2012	Trade SWAp monitoring reports
	BB.1.2.5 Provision of conformity assessment infrastructure (equipment, testing laboratories, etc.)	KPI.1.5.1 Number of laboratories functioning to international standards	1 in 2009	2 by 2011	Trade SWAp monitoring reports
	BB.1.2.6 Design and implementation of an integrated risk management framework	KPI.1.2.6.a Qualitative aspects of the Risk Management Framework are drafted KPI.1.2.6.b Implementation of the Risk Management Framework	NA NA	By 2012 By 2013	Qualitative surveys
	BB.1.2.7 Awareness and information programs on TBT	KPI.1.2.7 Stakeholders' awareness and practice on TBT issues and standards concerned	Being implemented in 2011	TBD	KAP survey conducted amongst private sector stakeholders

B. TRADE FACILITATION

3.5. Weak trade facilitation has been identified as a constraint on imports and exports, adding costs and uncertainty to a process that favors reliability, speed and cost-effectiveness. Key challenges include: (i) delay in the nationwide roll-out of the ASYCUDA system¹ and the application of risk management at non-ASYCUDA customs sites; (ii) the lack of official fees for clearance process; (iii) weak provision of logistics services; and (iv) regional trade facilitation, in particular with neighboring countries as part of the Greater Mekong Sub-region (GMS).

BOX 4: GMS ECONOMIC CORRIDORS

The Strategic Framework for the Greater Mekong sub-region (GMS) adopted by the 10th GMS Ministerial Conference in November 2001 envisions a well-integrated and prosperous Mekong sub-region – free of poverty and committed to protecting the environment so vital to the sub-region's future wellbeing. The GMS Program focuses on five strategic development thrusts to achieve these goals: 1) Strengthen infrastructure linkages through a multi-sectoral approach; 2) Facilitate cross-border trade and investment; 3) Enhance private sector participation in development and improve its competitiveness; 4) Develop human resources and skill competencies, and 5) Protect the environment and promote sustainable use of the sub-region's shared natural resources.

The flagship program on facilitating cross-border trade and investment aims to: (i) promote the competitiveness of the sub-region by facilitating cross-border trade and investment in the GMS, (ii) implement measures to facilitate trade, initially focusing on customs procedures, followed by the upgrading of standards framework, the development of trade finance, integration of freight forwarding and the introduction of electronic data interchange (EDI), (iii) overcome existing inadequacies in information on trade and investment to stimulate business expansion in GMS border areas, and (iv) support small and medium enterprises and make them competitive in global markets. These objectives are closely linked with those of enhancing private sector participation and competitiveness.

The main programs and projects under this flagship include: 1) Development and maintenance of a cross-border trade and investment information system; 2) Development of products and services to support SMEs; 3) Trade and customs facilitation, initially focusing on single-stop and single-window inspection and expanding to modern border management systems; 4) Standards framework upgrading; 5) Facilitation of cross-border movement of goods and peoples in the GMS Development and integration of freight forwarding; 6) Industrial development; 7) Coordination of policies and regulation on trade-related financial and insurance services; 8) Development of market information networks to facilitate trade linkages (including market access mechanisms, export promotion programs, access to international trading companies); and 9) Development of e-commerce systems to improve the integration of the trade transaction process (between sellers, shippers, bankers and purchasers).

There is a clear agreement on a way forward in trade facilitation, as documented in the 12-point Action Plan on Trade Facilitation (see update in Annex 1) and the GDCE's five year strategic plan. However the analysis on logistics

¹ By June 2011, ASYCUDA is fully operational in Sihanoukville Port Customs, Phnom Penh International Airport Customs, and Dry Port Customs. Rooms, equipments, and other necessary ASYCUDA facilities have already been built, renovated, and installed in the Excise Department, Export Office, and other 17 customs border check-points. The system will hopefully be operational very soon in these customs sites.

services and transport is less clear at this stage. Building blocks for trade facilitation include: 1) Simplification of import, export, transit procedures and processes; 2) Automation of GDCE functional areas; 3) Development of a mechanism to resolve custom related issues between GDCE and the private sector; 4) Traders are better informed on trade related requirements and processes; 5) Implementation of Risk Management Strategy at border points for imported goods; 6) Customs Valuation. Key public agencies in this area include: GDCE, MoC (CamControl, C/O departments, and other departments), GDCE, MAFF, MoH, MIME. Key DPs in this sector include JICA, IMF, and the World Bank (in GDCE) as well as ADB for GMS related issues.

TABLE 7: TRADE FACILITATION

Strategic Outcome		Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.3 More simple, transparent and cheaper import, export and transit procedures and processes practiced	KPI.1.3.a A review of all import/export cost across border per container	N/A	10% decrease by end 2012	ICA, Doing Business Indicators
		KPI.1.3.b Cost of export across borders per container	N/A	10% decrease by end 2012	ICA, Doing Business Indicators
		KPI.1.3.c Time from lodgment of accepted SAD to release of goods	24 hours	2 hours ASYCUDA System (2012)	Timestamp in Custom’s automated MIS
		KPI.1.3.d Rating of logistics environment in Cambodia improves compared to countries in same income group and region	Index 2.37, ranking 129 in 2010 (Lao 118, Myanmar 133)	Cambodia gains 10 positions in ranking by 2013	Logistics Performance Index (LPI)
Building Blocks		Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.1.3.1 Simplification of import, export, transit procedures and processes	KPI.1.3.1.a Number of supporting documents required for SAD	11 documents	9 by end of 2012	TRS Study
		KPI.1.3.1.b Number of documents required for SAD	11 documents	9 by end of 2012	TRS Study
		KPI.1.3.1.c Steps involved to get import permit	23 steps	10% reduction by 2012	TRS Study / EMC Customs Private Partnership Mechanism / National Audit Authority
		KPI.1.3.1.d A review of all import / export fees undertaken and a revenue attribution and distribution model is developed and agreed by government	Comparative Study on flat fee introduction conducted by MEF in 2010	Distribution model agreed by end 2013	

	BB.1.3.2 Automation of GDCE functional areas	KPI.1.3.2.a Implementation of export, warehousing, manifest and transit software modules in GDCE's automated MIS	NA	By 2012	Custom's automated Management Information System (ASYCUDA)
		KPI.1.3.2.b Percentage of Trade covered by Custom's automated Information Management System	60% in Sihanoukville (2008) and 70% in PP Airport and Dry Port (2010)	Installed in 10 location by 2012 (including SEZs), with average 70% coverage	
	BB.1.3.3 Development of a mechanism to resolve custom related issues between GDCE and the private sector	KPI.1.3.3.c Number and kind of custom related issues resolved through the Custom Private Sector Partnership	18 problems solved in 2009-2010	25 problems solved in 2011-12	Minutes of the meetings of the CPPM
	BB.1.3.4 Traders are better informed on trade related requirements and processes	KPI.1.3.4.a Number of RGC Agencies with web portal containing regulatory requirements	MoC, GDCE	Full implementation MOC automation by end 2012	Review of Tracking Logs
		KPI.1.3.4.b Number of hits and downloads from RGC Agencies web portals on regulatory information	TBD	TBD	Review of Tracking Logs
		KPI.1.3.4.c Private sector feedback on transparency of trade related requirements and procedures	0% of respondent answering often or nearly often to: "Transparency of customs clearance" and "Provision of adequate and timely information on regulatory changes"	Increased to at least 20% by 2012	Logistics Performance Indicator http://info.worldbank.org/etools/tradesurvey/mode2a.asp?countryID=19
	BB.1.3.5 Implementation of Risk Management Strategy at border points for imported goods	KPI.1.3.5.a Percentage of containers physically inspected	20%	Below 20% in 2012	Custom's automated MIS
		KPI.1.3.5.b Ratio of containers with irregularities over the total of containers physically inspected	TBD	TBD	GDCE/CAMCONTROL Statistics ASYCUDA
		KPI.1.3.5.c Additional revenue collected as a result of post clearance audit action	TBD	TBD	GDCE/CAMCONTROL Statistics

		KPI.1.3.5.d Preparation and implementation of an annual risk-based national audit plan	NA	By end of 2012	GDCE/ CAMCONTROL Statistics	
	BB.1.3.6 Customs Valuation	KPI.1.3.6 Percentage of customs documents cleared using method 1 of the WTO Valuation Agreement to determine value (i.e. price paid or payable)	87%	99% by end of 2012	GDCE/ CAMCONTROL Statistics	Page 27

C. INTELLECTUAL PROPERTY RIGHTS

3.6. By strengthening IPR protection, Cambodia can support the diversification of its export base in addition to attract FDI in the productive sector. Geographical Indications (GIs) can be used to protect Cambodian typical and traditional products, mostly food-stuff. Although important improvements have been made by drafting IP related laws and regulation, additional work is needed to complete the legal framework and to enforce the IP regime, including by setting up a Commercial Court which could competently deal with IP cases.

3.7. The main building blocks to achieve progress in this area are the following: 1) Completion of the Legal Framework for IPRs in compliance with WTO TRIPS Agreement, Madrid Protocol, Patent Cooperation Treaty, and Compulsory License for Public Health; 2) Strengthening of enforcement institutions; 3) Capacity Development of IPR officials and professionals (link to Pillar 3); 4) Strengthen Trademarks and Geographical Indications (GI) regimes; 5) Strengthen Patent Utility Model, Industrial Design, PVP; 6) Outreach to the public on IPRs (Trademark, Patent, Industrial Design, Layout Design, PVP, and Copyrights) and support to GI producers and copyright issues. The main RGC institutions involved include MoC, MIME, MoJ, Ministry of Culture, Ministry of Education, the judiciary, the Royal School of Administration and the Royal School for Judges and Prosecutors. The Development Partners working in this area are the European Commission, France, and WIPO.

TABLE 8: INTELLECTUAL PROPERTY RIGHTS

	Strategic Outcome	Strategic Indicators	Baseline 2010	Target	Source
Strategic Level	SO.1.4 Amount of Products/Services effectively protected under Cambodian IPR regime increases	KPI .1.4 Proportion of registered Domestic Trademarks compared to previous year in Cambodia		5%	D/IPR Statistics
	Building Blocks	Key Performance Indicators	Baseline 2010	Target	Source
Operational level	BB.1.4.1 Completion of the Legal Framework for IPRs in compliance with WTO TRIPS Agreement, Madrid Protocol, Patent Cooperation Treaty, and Compulsory License for Public Health	KPI .1.4.1.a System of Laws and Regulations in place for IPR in compliance with WTO requirements	2010	2013 Compulsory License for Public Health (possible adopted) 2013 Complete study for Madrid Protocol and PCT	Trade Policy Review
	BB.1.4.2 Strengthening of enforcement institutions	KPI.1.4.2.a Database established on counterfeit			Trade SWAp

		practice and enforcement activities and results			monitoring report
		KPI.1.4.2.b Percentage of change in the amount of seized pirated and counterfeited goods			D/IPR Statistics
	BB.1.4.3 Capacity Development of IPR officials and professionals (link to Pillar 3)	KPI.1.4.3.a Curricula are developed and introduced in education institutions/IP office	2010	3 education institutions adopt curricula	NCIPR Reporting
		KPI.1.4.3.b Number of Police, Customs, CamControl, Judges, Prosecutors, Court Clerks, and related IP officials			
	BB.1.4.4 Strengthen Trademarks and Geographical Indications (GI) regimes	KPI.1.4.4 Number and kind of trademark and GIs registered and protected annually	2010	5% for trademark GIs: depend on budget	D/IPR Statistics
	BB.1.4.5 Strengthen Patent Utility Model, Industrial Design, PVP	KPI.1.4.5 Number and kind of Patent Utility Model, Industrial Design, PVP registered and protected annually	2010	3% except PVP	DIP
	BB.1.4.6 Outreach to the public on IPRs (Trademark, Patent, Industrial Design, Layout Design, PVP, and Copyrights) and support to GI producers and copyright issues	KPI.1.4.6.a Number of national enterprises/SMEs, business associations, universities that have filed IP to protect their business (IP management)	2010 2011 2010	TM: 5% ID:3% Number of seminars/workshop depend on budget	D/IPR DIP
		KPI.1.4.6.b awareness in enterprises/SMEs and business associations on IP related issues	2010	Through mass media and publication (depend on budget)	NCIPR
		KPI.1.4.6.c Awareness amongst the wider public on IP related issue	2010		NCIPR

D. LEGAL REFORM

Through its accession to the WTO, Cambodia has committed to a legal reform agenda. The country's history and rapid transition to a market economy in a context of improvement the efficient juridical system in Cambodia strengthen and enhance commercial law environment and trade related investment in order to respond to the commitment of Cambodia to the WTO, which construct other laws and commercial legal reform such as: 1) Reform of legal framework for contracts and disputes; 2) Reform of legal framework for financial sector; 3) Reform of legal framework for international trade; 4) Reform of legal framework on competition; 5) Reform of legal framework on services; 6) Related laws and legal document under other laws. Key public institutions in this area include: MoC (Legal Affair Department and Department of Notification and Legal Compliance), GDCE, MAFF, MoH, MIME, MoJ,

MPTC, etc. Coordination is done through (i) a sub working group on Working Standard and Legal Reform monitoring the implementation of WTO commitments and (ii) the Council of Ministers' Council of Jurists acting as gatekeeper for the RGC overall legal agenda. Major DPs in the area include ADB, TDSP, UNIDO, UNCTAD, and USAID.

TABLE 9: LEGAL REFORM

Strategic Outcome		Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.5 Identified legal shortcomings regarding WTO commitments are addressed	KPI .1.5.a All obligations under WTO membership are fulfilled	Work Ongoing	As per accession protocol	WTO, minutes of Trade Policy Review meeting
		KPI .1.5.b WTO work program of RGC implemented	About 1/3 is completed and 1/3 is underway	Fulfilled as WTO accession schedule	
		KPI.1.5.c WTO work program of RGC updated based on the results of the Trade Policy Review to be conducted in 2011	TPR drafted October 2011	Work program updated by June 2012	
Building Blocks		Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.1.5.1 Reform of legal framework for contracts and disputes	KPI.1.5.1.a Promote drafting law on commercial contract and law on commercial court and implement arbitration law	NA	Completed by 2012	WTO TPR / MoC
		KPI.1. 5.1.b An arbitration centre is established and functioning	NA	By 2012	
	BB.1.5.2 Reform of legal framework for financial sector	KPI.1.5.2 Approval and implementation of: secured transaction law (MoC); bankruptcy law (MoJ); financial leasing law (National Bank of Cambodia); insurance law (MEF)	Secured transaction, bankruptcy, financial leasing in place	Insurance law to be completed by 2012	WTO TPR / MoC / MoJ / NBC / MEF
	BB.1.5.3 Reform of legal framework for international trade	KPI.1.5.3.a Approval and implementation of trade remedies law	Being drafted	To be completed by 2012	WTO TPR
		KPI.1.5.3.b Investigative body established and located in RGC (in line with ASEAN commitments)	TBD	TBD	
		KPI.1.5.3.c Approval and implementation of E-Commerce Law	Being drafted	To be completed by 2012	

	BB.1.5.4 Reform of legal framework on competition	KPI.1.5.4.a Approval and implementation of law on competition (MoC)	Being drafted	To be completed by 2012	
		KPI.1.5.4.b Set-up of a competition Agency (MoC)	NA	To be completed by 2014	WTO TPR
		KPI.1.5.4.c Development and implementation of competition policy (MoC)	Being drafted	To be completed by 2012	
	BB.1.5.5 Reform of legal framework on services	KPI.1.5.5.a Approval and implementation of telecommunication law (Ministry of Post / Telecommunications)	Draft ready but not yet passed	To be completed by 2012	
		KPI.1.5.5.b Separation of regulatory and operational telecommunication services is enshrined in telecommunication law and implemented in practice	Accomplished through Prakas issued in 2010	NA	WTO TPR
		KPI.1.5.5.c Draft co status Law on Bar Association	Being drafted in 2010-11	To be completed by 2012	
	BB.1.5.6 Related laws and legal document under other laws	KPI.1.5.6 Approval and implementation of Notary	Being drafted	To be completed by 2012	Survey

E. INVESTMENT PROMOTION

3.8. Trade-related investment is hampered by the lack of predictable and transparent rules that are enforced in a speedy, fair, and efficient manner by the appropriate government institutions. Additional work is needed to improve the legal framework and to implement it. By setting up Special Economic Zones (SEZs), the RGC intended to provide a quick fix to some of these problems in the form of higher standards of regulatory administration and better infrastructure than currently available. Deepening the successful implementation of a number of Special Economic Zones is high on Cambodia's development agenda. The main building blocks in this area are: 1) An effective investment Promotion Agency is set up and operates; 2) Effective Special Economic Zones are set up and operate; 3) Business entry is facilitated.

3.9. The main RGC agencies involved in this area are the Cambodia Investment Board, under the Council for the Development of Cambodia, MoC, MIME, MAFF. The Development Partners active in this area are Japan, IFC, WB.

TABLE 10: INVESTMENT PROMOTION

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.6 Trade related Investment increase to support the growth of trade	KPI.1.6.a FDI and local investment increase	530 M usd approved investment	15% increase annually	CDC/CIB statistics
		KPI.1.6.b Formal employment increases	TBD	10% increase in tax payers (income tax)	CDC/CIB statistics
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source

Operational level	BB.1.6.1 An effective Investment Promotion Agency is set up and operates	KPI.1.6.1.a Score on investment promotion intermediary on IP performance improves	41-60% in 2008/9	Scale ranking improves by 2013	Client Relationship Management System / IFC
		KPI.1.6.1.b Conversion rate of investor inquires to investment decision improves	NA	10% annual increase	Investor Tracking System (ITS)
		KPI.1.6.1.c Legislation is modified to improve Investor Aftercare, Retention and Expansion RGC functions	NA	Draft legislation by end 2012	Government Prakas
		KPI.1.6.1.d Amount of capital investment and number of jobs attracted or retained through investor aftercare intervention increases		Establishment of Investor Aftercare Unit by end 2012	ITS and FIPS
		KPI.1.6.1.e Investor satisfaction ratings on services provided improves	About 70% of the respondents would be willing to repeat their initial investment in Cambodia (2010)	5% increase annually	Investment Climate Perception (World Bank)
	BB.1.6.2 Effective Special Economic Zones are set up and operate	KPI.1.6.2.a New Trade Related Investment is approved and implemented in SEZs	TBD	10% annual increase	
		KPI.1.6.2.b New SEZs Draft Law	NA	Draft law by mid 2013	CDC/SEZB
		KPI.1.6.2.c Tokyo Treaty is signed and custom territories for SEZs are separated	NA	Decision on Tokyo Treaty implementation by 2012	IFC
		KPI.1.6.2.d Exception of custom tax is implemented in selected zones	NA	Trial scheme in 2 zones by end 2012	
	BB.1.6.3 Business entry is facilitated	KPI.1.6.3.a The number of working days that it takes to register a business is reduced	85 days in 2009	75 days by mid 2013	Interviews with key informants and with a sample of businesses concerned /
		KPI.1.6.3.b Costs to register a business are reduced	151.7% of per capita income	Approximately 100% by mid 2013	Doing Business Indicators
		KPI.1.6.3.c Procedures for the registration of a new business are reduced	9 procedures	7 procedures by mid 2013	

F. CORE LABOR STANDARDS

3.10 Good working conditions in garment factories are a major factor in buyers sourcing from Cambodia. A system to monitor and improve labor standards was put in place following the US-Cambodia Trade Agreement of 1999 that linked increases in export quotas to improvements in labor standards. This contributed to a rapid growth of the industry which, despite the global financial crisis, is still competitive employing about 290,000 workers ². Cambodia's factories are highly unionized, with 84% of factories having at least one union. Apart from ensuring decent working conditions, the competitiveness and productivity of the garment industry can be supported by: 1) Enhanced ownership and sustainability of the BFC program; 2) Strengthen industrial relations through collective bargain and better dialogue; 3) Support dispute resolutions and Arbitration Council. The main RGC institutions involved in this area are the MoC and the Ministry of Social Affairs, Labor, Vocational Training and Youth Rehabilitation. Other important actors are the Arbitration Council, labor unions, GMAC and other manufacturers' organizations. Among DPs, ILO is supporting the BFC program in partnership with IFC. The ongoing ILO Better Factories Cambodia (BFC) program monitors working condition of Cambodia export garment factories based on national labor law and international standards and provides assistance to enterprises to reduce gaps in compliance through advisory services and training. The new phase of the program focuses on creating a local organization to carry out independently the BFC program.

TABLE 11: CORE LABOR STANDARDS

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.7 Enhanced compliance with Cambodian labor law and core labor standards in manufacturing industry	KPI.1.7 Percentage of manufacturing firms that comply with core labor standards	TBD	TBD	Buyers' Survey (ILO)
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.1.7.1 Enhanced ownership and sustainability of the BFC program	KPI.1.7.1.a Operational costs of BFC program recovered from RGC and/or industry	About 60% recovered through value chain (2010)	100% in 2012	BFC reports (From 2011 int'l report available allowing comparison across countries)
		KPI.1.7.1.b Core labor standards monitoring process institutionalized	System implemented through BFC	To be implemented through STAR	
	BB.1.7.2 Strengthen industrial relations through collective bargain and better dialogue	KPI.1.7.2.a Number of collective bargaining agreements			ILO reports
		KPI.1.7.2.b Percentage of annual collective bargains that include a clause on			ILO reports

² MoC, June 2009.

		following binding solutions in case of arbitration			
		KPI.1.7.2.c Percentage of labor unions with Most Representative Status compared to total amount of unions			ILO reports
	BB.1.7.3 Support dispute resolutions and Arbitration Council	KPI.1.7.3.a Functional independent center established for arbitration of commercial disputes	No yet established, but 56 arbitrators are being trained	New class of arbitrators graduates	ILO reports
		KPI.1.7.3.b Percentage of labor disputes that are settled successfully through arbitration (award issued and complied with; distinguishing between binding and non-binding decisions)		5 arbitrations by end of 2012	ILO reports

G. TRADE FINANCE

3.11 Cambodia's financial sector has a low penetration rate with only six per cent of the total population using financial services from Banks and microfinance institutions. SMEs, in particular, lack sufficient capital to invest in new techniques aiming at scaling up production, improving productivity and increasing competitiveness. These constraints affect mostly SMEs operating in agriculture and agro-processing. In order to improve access to finance, progress is needed in the following areas: 1) Develop SMEs financial and managerial capacity to draft bankable business plans; 2) Strengthen commercial banks' capacity to carry out risk assessment and improve lending activities to SMEs; 3) Subsidize lending operation to SMEs by introducing risk guarantee schemes. Several private banks and MFIs are operating in Cambodia, although their penetration in rural areas is still insufficient. The NBC is the sector's regulator, while MoC, MAFF and MIME are taking initiatives to improve access to credit. Among DPs, IFC, AFD, ITC, GTZ, UNDP, and WB are involved.

TABLE 12: TRADE FINANCE

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.1.8 SMEs, particularly in agriculture, get easier and formal credit to scale up their activities and improve export performance	KPI.1.8 Percentage of registered SMEs in agriculture and agro-processing with access to formal credit	About 50,000 in 2010	10% annual increase	NBC and project surveys
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.1.8.1 Develop SMEs financial and managerial capacity to draft bankable business plans	KPI.1.8.1 Percentage of credit requests submitted by SMEs to commercial banks that include bankable business plans	NA	50%	Surveys of Acleda and ANZ Royal customers

	BB.1.8.2 Strengthen commercial banks' capacity to carry out risk assessment and improve landing activities to SMEs	KPI.1.8.2 Percentage of unpaid loans by SMEs in agriculture and agro-processing in rural areas	NA	Less than 5% by end of 2012	Project monitoring report / IFC
	BB.1.8.3 Subsidize landing operation to SMEs by introducing risk guarantee schemes	KPI.1.8.3 Percentage of risk guarantee schemes	15 M usd available in risk guarantee funds	At least 10% draw down of risk guarantee funds	Project monitoring report

4. PILLAR 2: GOAL, STRATEGIC OUTCOMES AND BUILDING BLOCKS

4.1. This section describes the Pillar 2 Goal, broken down in Strategic Outcomes corresponding to each priority reform areas, measure by one or two high-level Strategic Indicators. At the next level, Performance Indicators measure operational advancements towards achieving strategic outcomes, and they correspond to the progress obtained in implementing activities in each of the Building Blocks identified. Each subsection describes the background for each reform area, the key agencies and development partners working on it, and the specific

BOX 3: THE 19 PRIORITY PRODUCTS AND SERVICES

Currently Exported Products	Beer Cashew nuts Cassava Corn Fishery Footwear Garment Livestock Rice, including organic rice Rubber Silk, including silk handicraft Soybeans
Services and Non-Exported Products	Fruits and vegetables, including organic produce, mango, palm and soap products, and pepper Wood products, including sustainable construction materials such as bamboo flooring, paneling, etc. Light manufacturing assembly, which might include bicycle and mopeds, light, electrical/electronics (e.g. fans, TVs), sewing machines, etc. Tourism, including personal and business travel, and entertainment Labour services, including construction services, household help, and farming. Transport and transport-related services Business processes/web-based services, which might include computer services, architecture, engineering, bookkeeping, accounting, etc.

strategic outcomes, and strategic indicators corresponding to each building block.

4.2. Pillar 2 Goal is to strengthen supply capacity of the 19 product and service sectors identified in the 2007 Trade Integration Strategy. The main reform areas identified in the RGC Trade Integration Strategy include: a) Trade information; b) Trade Support Institutions and c) Value Chain Integration.

H. TRADE INFORMATION

4.3. Quality Value Chain and Trade Information is a critical input to a country's effort to expand its export and identify opportunities and niches for producers to move up their value chain. At an early stage – as is the case in Cambodia – there is a need to create a “supply” of information so that policy-makers, business associations, producers, exporters and other private sector support organizations can make use, understand and value such information. The market for information grows and consolidates if it is driven by the demand. What is crucially lacking at the moment in Cambodia is both the quality information pertinent to the potential export sectors

("supply of information") as well as the understanding and know-how of how to use such information by businesses and policy-makers ("demand for information").

4.4. The Strategic Outcome in this sector is that quality Value Chain and Trade Information is provided and widely disseminated among Cambodian policy makers, Cambodian exporters and Cambodian trade support institutions with an initial focus on the export potential sectors identified in CTIS 2007. Such information is also used to enhance export-oriented policies, to monitor progress of the Trade SWAp, and identify possible areas in need of TRTA and AfT.

TABLE 13: TRADE INFORMATION

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.2.1 Quality and quantity of trade information improves	KPI.2.1.a Exports of selected products increase		5% annual increase	MoC statistics
		KPI.2.1.b Investment in selected sectors increase		10% annual increase	CDC/CIB
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.2.1.1 A Value Chain Unit is set up and operates in conjunction with other Departments and line Ministries	KPI.2.1.1.a The Value Chain Unit is strengthened with skilled staff and sufficient financial resources and technical support from other ministries	NA	Full compliance by 2012	Project monitoring report
		KPI.2.1.1.b A standardized methodology is finalized to carry out Value Chain Studies	NA	Full compliance by 2012	
		KPI.2.1.1.c The Value Chain Studies on Rice, Cassava and Cashew are disseminated to the main stakeholders	NA	Full dissemination by end of 2011	
		KPI.2.1.1.d Existing studies are updated and improved regularly with inputs from line ministries and private sector operators	NA	Annual updates	
		KPI.2.1.1.e New Value Chain Studies are published including on garment, tourism, footwear, fish	NA	By June 2012	
		KPI.2.1.1.f New Trade Information Tools are developed and published by the Value Chain Unit	NA	By mid 2012	

	BB.2.1.2 A Strategy for the dissemination of Trade Information is developed and implemented	KPI.2.1.2.a A Strategy for the dissemination of Trade Information is developed covering product associations, chambers of commerce, other business organizations, PDoCs, producers and exporters at the local and provincial level	NA	By mid 2012	Project monitoring report
		KPI.2.1.2.b Prototype trade data series are developed and posted on MoC website together with other existing studies (with initial focus on 19 priority sectors)	NA	Studies available on web by end of 2012	

I. TRADE SUPPORT INSTITUTIONS

4.5. The Strategic Outcome in this area relates to strengthening Trade Support Institutions (TSIs) that can assist Cambodian producers, processors and traders to expand and diversify their exports including strengthening the Provincial Department of Commerce (PDoCs), Chambers of Commerce, product associations, Government extension services and the Government-Private Sector Forum. TSIs can be instrumental to support efforts of Cambodian producers and exporters to explore business opportunities overseas, to develop export contracts, to adapt their production to the demand of importing markets, to move up the value chain, to meet SPS standards, to find cost effective ways to ship their goods.

TABLE 14: TRADE SUPPORT INSTITUTIONS

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.2.2 Private sector operators are assisted by Trade Support Institutions to expand and diversify their exports	KPI.2.2.a Number of Trade Support Institutions increases	NA	One additional TSI annually	Project reports
		KPI.2.2.b Quality of services provided by Trade Support Institutions improves	NA	Annual Improvement in responses	Customers satisfaction surveys of traders
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB. 2.2.1 Support is provided to the RGC to develop its capacity to identify, develop and implement trade policy objectives during trade negotiations	KPI.2.2.1 RGC officials are exposed to similar institutions in other ASEAN countries, including through study tours and seminars	TBD	2 experience sharing missions by mid 2012	Project monitoring report

	BB.2.2.2 An Institutional Capacity Assessment of Cambodian TSIs is conducted	KPI.2.2.2 An Assessment is completed covering Provincial Chambers of Commerce, Agro-Business Service Centers and other local SME-related support institutions whose mission is networking businesses, promoting local commerce, industry, services and access to international markets	NA	Strategic proposal for capacity assessment is submitted to TDSP by mid 2012	Assessment Report
	BB.2.2.3 A Capacity Development Plan for TSIs is developed and implemented gradually	KPI.2.2.3 Capacity of TSIs improves, increasing the use by SMEs of their services	NA	Capacity Development plan included in strategic proposal to TDSP by mid 2012	SMEs surveys
	BB.2.2.4 The Public-Private policy dialogue on the business environment improves	KPI.2.2.4.a The capacity of the Business Membership Organizations participating in the Government-Private Sector Forum is strengthened	NA	Strategic proposal on strengthening the GPSF is submitted to TDSP	Project monitoring report GPSF reports
		KPI.2.2.4.b The GPSF provides regular inputs into the Trade SWAp Pillars updating and implementation process	NA	Quarterly updates received by Sept 2012	

J. VALUE CHAIN INTEGRATION

4.6. The Strategic Objective in this area is to expand and diversify exports, including by targeting new markets and moving up the value chains for the target products identified by the RGC. The main stakeholders involved, including producers, processors, exporters and public authorities will have to cooperate to increase the efficiency of selected value chains. With an integrated approach, including common analysis, planning and implementation it will be possible to improve Cambodian competitiveness increasing the added value content in exported products. With the integration of value chains, Cambodia will succeed in creating additional jobs and increasing national revenues.

4.7. In order to achieve progress in this area, it is crucial to prioritise areas in which the Government can play a leadership role by designing policies and strategies, including in rice, garment, tourism, cassava, cashew nuts and fish. Attention should be paid also in identifying new sectors where there is a need for the governmental involvement. Utmost coordination will have to be achieved between Government and Development Partners, since several bilateral and multilateral institutions are providing support in specific sectors. Areas of focus should include strengthening access to new market by Cambodian exporters in the form of access to trade information, awareness raising about export market opportunities, understanding market demand in importing countries, adjusting Cambodian supply to market demand – including meeting SPS and TBT standards, improving trade facilitation to the potential markets for individual export products or services, and related issues.

TABLE 15: VALUE CHAIN INTEGRATION

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.2.3 Exports of targeted products reach new markets and increase as a result of value chain integration	KPI.2.3.a Exports of targeted products penetrate	NA	3 new markets in 2 years	EMAF / Market Incubator Program from WB
		KPI.2.3.b Exports of targeted products increase	NA	3 new products in 2 years	
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB. 2.3.1 Integration of Rice Value Chain	KPI.2.3.1.a The Rice Sector Profile and Strategy developed by the Value Chain Unit is fully validated by the Rice Task Team, which support to MoC and MAFF that have been tasked to prepare and Action Plan in support of the Rice Sector Policy	Achieved	Achieved	Task Force Reports
		KPI.2.3.1.b Two new and large-scale distribution channels to overseas markets are identified	Achieved	Achieved	
		KPI.2.3.1.c Rice Traders participated in trade missions, trade fairs, buyer-seller meetings	Ongoing	Achieved	
		KPI.2.3.1.d Technical support is provided to rice millers to meet quality specifications and SPS requirements	Ongoing	Quality standards for rice delineated and disseminated by ISC by mid 2012	ISC
		KPI.2.3.1.e Training is provided to rice millers on export procedures, including access to GSP schemes	Ongoing	At least 4 seminar by mid 2012	
		KPI.2.3.1.f Rice GIs are developed, registered and used as marketing tools	NA	GI proposal formulated by mid 2013	

	BB.2.3.2 Integration of Garment Value Chain	KPI.2.3.2.a A Value Chain Study for Garment is developed by the Value Chain Unit	NA	Strategic proposal to be submitted to TDSP by mid 2012	Task Force Reports
		KPI.2.3.2.b A Garment Strategy is drafted focusing on market diversification and deepening of the value chain, covering issues related to training, industry extension service, garment innovation centre, capacity development of government institutions and trade associations	NA	Strategic proposal to be submitted to TDSP by mid 2012	
		KPI.2.3.2.c The garment strategy is validated by all stakeholders and it is implemented gradually	NA	Validated by end 2012	SSC.TD-TRI meeting
	BB.2.3.3 Integration of Tourism Value Chain	KPI.2.3.3.a The Tourism Development Strategic Plan for 2011 – 2020 is fully consulted with all involved agencies and adopted	NA	September 2012	Task Force reports
		KPI.2.3.3.b A Master plan for the Siem Reap Area (including the Tonle Sap Biosphere Reserve) is developed and implemented	NA	Plan developed by end of 2012	
		KPI.2.3.3.c A Master Plan for the Phnom Penh area is developed and implemented	NA	Plan developed by end of 2012	
		KPI.2.3.3.d A Master Plan for the Southwest Coastal zone is developed and implemented	NA	Plan developed by end of 2012	
		KPI.2.3.3.e A Master Plan for the Northeast Zone is developed and implemented	NA	Plan developed by end of 2012	
		KPI.2.3.3.f The National Institute for Tourism and Hospitality and the National University of Tourism and Hospitality are set up	NA	Plan developed by end of 2012	
	BB.2.3.4 Integration of Cassava Value Chain	KPI.2.3.4.a The Cassava Sector Profile developed by the Value Chain Unit is fully validated by relevant line ministries and Development Partners	NA	Plan developed by end of 2012	Task Force reports
		KPI.2.3.4.b A Cassava Task Team, including Government, DPs and private sector is set up to develop recommendations for a cassava	NA		

		sector policy		
		KPI.2.3.4.c Two new potential export markets are identified, including with exploratory trade missions of cassava processors	NA	
		KPI.2.3.4.d Technical support is provided to cassava processors to meet demand market requirements and SPS issues and to improve trade facilitation	NA	
	BB.2.3.5 Integration of Cashew Nuts Value Chain	KPI.2.3.5.a The Cashew Nut Sector Profile and Strategy developed by the Value Chain Unit is fully validated by the Cashew Nut Task Team together with the relevant line ministries	NA	Plan developed by end of 2012
		KPI.2.3.5.b The Cashew Nut Task Team works with relevant policy makers in Government to develop possible recommendation for a cashew nut sector policy (a particular focus might be on how to attract investment for processing)	NA	
		KPI.2.3.5.c Two new potential export markets for current production of unprocessed cashews are identified, including with exploratory trade missions	NA	
	BB.2.3.6 Integration of Fisheries Value Chain	KPI.2.3.6.a The 10-Year Strategic Planning Framework for the fishery sector is finalized	NA	Finalization by end of 2011
		KPI.2.3.6.b Together with relevant ministries and stakeholders, the Value Chain Unit with the Fish Task Team develops a Sector Profile and Action Plan consistent with the 10-Year Strategic Planning Framework to operationalize the Framework	NA	Sector profiled completed by mid 2012
		KPI.2.3.6.c Fish processors are trained to improve quality and safety of fishery products	NA	
		KPI.2.3.6.d Quality infrastructure for fish exporting is developed in line with international guidelines and standards	NA	
		KPI.2.3.6.e Responsible government agencies are capable	NA	

		of implementing national legislation, including by carrying out market surveillance and issuing licenses and certification		
		KPI.2.3.6.f New markets are identified and soft/hard infrastructure is put in place to comply with SPS and quality requirements	NA	
	BB.2.3.7 Integration of Silk Value Chain		KPI.2.3.7.a The Silk Sector Profile and Strategy is used as guidance by all stakeholders for developing the sector	NA	Plan is in place by the end of 2012
		KPI.2.3.7.b A Silk Board is created with the aim of: a) Fostering a public-private partnership; b) Allowing a voice for all stakeholders; c) Securing permanent funding from national resources; and d) Allowing for institutional flexibility by creating an autonomous public body	NA	
		KPI.2.3.7.c Actions at the macro level are completed, including: a) Consultations among private stakeholders, Development Partners and the public Institutions about Silk Board creation; b) Updating the Silk Development Strategy	NA	
		KPI.2.3.7.d Actions at the meso level are completed, including: a) Promoting an intensive sericulture on both chains of white and golden silk yarn; b) Encouraging Financial Institutions to back up the sector; c) Integrating silk products within the tourism sector	NA	
		KPI.2.3.7.e Action at the micro level are completed, including: a) Continuing capacity building among weavers / producers and silk exporters; b) Addressing the problem of silk yarn supply	NA	

5. PILLAR 3: GOAL, STRATEGIC OUTCOMES AND BUILDING BLOCKS

5.1. The Trade SWAp Pillar III Road Map defines each Trade-SWAp-relevant key capacity area within each key institution as a strategic outcome. These are then broken down into intermediate outcomes that serve as steps in the achievement of the strategic outcomes. A set of proposed KPIs are presented for each strategic and intermediate outcome which may be modified as Institutional Capacity Assessments (ICA) are carried out. The Road Map does not currently identify means of verification for the KPIs, time frames or responsibilities for data collection. The Road Map thus provides a guideline in terms of strategic and intermediate outcomes that need to be realised in order to reach the Pillar III goal and to contribute to the overall goal of the Trade SWAp. The achievement of the intermediate outcomes will be addressed in annual work planning by each key institution. Participatory institutional capacity assessments will inform this annual work planning by identifying current levels of capacity and capacity development needs relevant to the Trade-SWAp key capacity areas (KCAs).

5.2. The goal of Pillar 3 is to strengthen the capacity of the RGC and Cambodian Trade Stakeholders to implement, update and manage RGC's trade development agenda and to negotiate the country's interests in trade and trade-related investment forums. The Road Map presents a results chain in which intermediate and strategic outcomes contribute to the achievement of the strategic objectives and the pillar goal. Key performance indicators (KPIs) for each strategic and intermediate outcome serve as an M&E framework that allows for results-based monitoring and evaluation of the achievements of the pillar as part of the Trade SWAp. The five strategic objectives indicate five key areas in which effective capacity is required for the effective performance of the Trade SWAp. Each of these five "key capacity areas" (KCAs) are directly linked to a strategic objective.

5.3. The only KCA relevant to the Sub-Steering Committee on Trade Development and Trade Related Investment (SSC.TD-TRI) is Leading and Managing Change. Three strategic outcomes have been identified for the role that the Sub-Steering Committee plays in leading and managing the Trade SWAp. The Committee has a leading role in establishing the strategic direction of the Trade SWAp and in gaining the buy-in of other key stakeholders including government agencies, the private sector and civil society.

5.4. The Ministry of Commerce (MoC) is the lead agency in the Trade SWAp and its newly formed Department of International Cooperation (D/ICO) serves as the secretariat of the Trade SWAp, coordinating and managing the programmatic approach that the SWAp reflects. MoC's role as a change agent is important for the successful implementation of the Trade SWAp. MoC is a key player in the development of the strategic direction of the Trade SWAp, actively engaging with other stakeholders to mainstream trade development and to align with work on broader economic development and growth issues in Cambodia. MoC also plays a key role in the development and implementation of trade policies, both within MoC and other institutions including PDoCs and other line ministries. It is vital that MoC adopts strong country systems to ensure its effective functioning as an organization. To do this it will engage with and benefit from RGC development programs including the PFM and PAR reform programs. MoC is expected to play an important role in communicating Trade SWAp to ensure awareness of Trade SWAp opportunities and results, as well as the sharing of a body of knowledge created around trade development in Cambodia. MoC plays a leading role in trade-related negotiations on behalf of the RGC and is responsible for coordinating with relevant line ministries in the preparation for negotiations and well as ensuring effective performance in trade negotiation forums. The Department of International Cooperation (D/ICO) was established within the Ministry of Commerce in August 2007³ and has been tasked with coordination of the overall Trade SWAp. D/ICO is mandated to oversee all projects and programmes under the Trade SWAp, currently including the TDSP, the EIF Tier 1 project and the UNDP-supported TRADE project. The role of D/ICO in the Trade SWAp includes facilitation, encouraging other agencies to participate in its activities and communicating opportunities as well as results obtained with the SWAp. D/ICO is intended to function as a "one stop shop" where interested parties can obtain information relating to the support required and being provided to the trade sector. It is intended that D/ICO will be responsible for the performance of some key MoC roles within the Trade SWAp in the short to medium term, but that as MoC develops its country systems and other capacities within its structure, these responsibilities will be transferred to the relevant department. The role of D/ICO will thus change as the capacity

³ D/ICO was established under Article 18 of the "Sub-decree on the Organization and Functioning of the MoC" and 'prakas' on "the Organization and Functioning of D/ICO"

of the MoC grows. It is important that these roles and responsibilities are regularly reviewed to ensure clarity and guide capacity development initiatives.

5.5. The Provincial Departments of Commerce (PDoCs) play a vital role in enhancing trade within their respective provinces in Cambodia. While they are primarily responsible to the MoC, they have critical relationships with provincial governments and with the provincial structures of line ministries involved in the Trade SWAp. PDoCs are responsible for working with other key institutions in the province to implement trade policies, for ensuring effective monitoring and evaluation of trade activities and for communicating trade opportunities and results within provinces. Effective implementation of trade policies and management of trade activities within provinces will contribute to the development of local economies and thus to poverty reduction at a provincial level.

5.6. The support and involvement of Line Ministries is important in the establishment of the Trade SWAp as well as in the development and mainstreaming of trade in Cambodia. Each Line Ministry has a different role within the Trade SWAp and thus will require different capacities. The table below provides a general view of capacity requirements but specific capacity needs for each Line Ministry will be identified through capacity assessments based upon their role and responsibilities. With an enhanced role for Line Ministries in the Trade SWAp, it is important that trade policies are understood and effectively implemented by them to ensure consistency and equity across the trade sector. Line Ministries require strong country systems to ensure their effective functioning as an organization. Activities including monitoring and evaluation, finance management and human resource development will contribute to Line Ministries' effectiveness in the sector. The enhanced role of Line Ministries includes responsibility for communicating Trade SWAp both internally and externally to ensure their effective participation in the sector.

5.7. The role of the Royal School of Administration (RSA) in the Trade SWAp is to enhance access to general trade-related training for civil servants as well as to provide targeted trade-related training to selected agencies or groups within the Trade SWAp. The present involvement of RSA in trade policy research is considered a temporary arrangement, but improved capacity will enable a more permanent role in the sector. Moreover, in order to develop sector capacities on trade related applied policy research, it will be necessary to partner with appropriate agencies and to assist in the enhancement of their capacity to conduct policy research. This will enhance the delivery of high-quality trade policy research which can inform trade policies and their implementation.

A. LEADING AND MANAGING CHANGE

5.8. Providing leadership to the Trade SWAp and to the overall change process required to implement the SWAp, including the vision, political will and coalitions; managing the day to day aspects of implementation of the Trade SWAp and its constituent projects and programmes under the three pillars concerned; and coordinating amongst the various parties involved and across the pillars of the Trade SWAp in order to achieve the outcomes and goals of the SWAp and enhance development outcomes.

TABLE 16: LEADING AND MANAGING CHANGE

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.3.1 RGC institutions can effectively integrate, coordinate and implement trade related reforms	KPI.3.1 Reform agenda is implemented according to government strategy and international commitments (i.e. WTO, ASEAN, etc.)	Trade SWAp Road Maps are completed in 2011	Road Maps are updated and implemented	Project reports
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.3.1.1 Support to SSC.TD-TRI and IC to become functioning committees providing on-going strategy and leadership, securing buy-in for implementation of Road Maps from other stakeholders and ensuring that directions from Trade SWAp are integrated into national development plans	KPI.3.1.1.a Number of Ministries/Agencies represented during the SSC.TD-TRI and IC, according to the Sub-decree on composition	About 40% in 2011	Increase to 70% in three years	DICO
		KPI.3.1.1.b Number of meetings with pre-defined agenda held by SSC.TD-TRI, IC, Pillar Working Groups (combined inter-ministerial meetings)	4 SSCs 12 ICs 4 PWGs	Maintain the same number of meetings	DICO
		KPI.3.1.1.c Road Maps for each Pillar are approved and updated annually	NA	Road Maps to be approved by 2011 and updated by end of 2012	Pillar Working Group, DICO
		KPI.3.1.1.d Number of eligible project proposed by line Ministries and other stakeholders linked to the implementation of the Road Maps	12 projects in 2009; 3 projects in 2010 and 6 in 2011	5 by 2014	DICO
		KPI.3.1.1.e Number of Line Ministries' strategies referring to the Trade SWAp Road maps	No reference in 2009	Reference in most ministries' strategies by 2014	Line Ministries' strategies

		KPI.3.1.1.f Capacity of PDOs is developed to collect Trade SWAp monitoring data	Data started to be collected in 2011	Monitoring data sheets are finalized by mid 2012 Training is completed by end of 2012	
		KPI.3.1.1.g Trade SWAp Road Map priorities are mainstreamed into National Strategic Development Plan	Not yet, as of 2011	The main Trade SWAp priorities are included in the NSDP (2014-2018)	
	BB.3.1.2 MoC ensures an effective and efficient management and coordination of the Trade SWAp, championing the use of trade to increase economic development and social welfare in Cambodia	KPI.3.1.2.a MoC recognized as a change agent / champion in terms of developing Trade SWAp and mainstreaming trade in Cambodia	MoC is perceived as champion	MoC maintains this position	Newspapers, newsletters, project reports
		KPI.3.1.2.b D/ICO functional areas improved sustainably	2,407 working days provided by consultants in 2011	10% annual decrease	DICO reports
		KPI.3.1.2.c Donor community demonstrates improved coordination around trade priorities identified in the Road Maps	TDSP trust fund: US\$ 12.3 million was channeled through SWAp in 2009 and EIF channeled US\$ 1.5 million in 2010	More than 80% of AfT is channeled through Trade SWAp mechanisms	DICO reports
	BB.3.1.3 Line Ministries contribute to trade development	KPI.3.1.3.a Line Ministries in Trade SWAp implement project successfully	No projects completed up to 2011	At least 70% of completed projects are considered successful	Project reports

B. DEVELOPING AND IMPLEMENTING POLICIES

5.9. Identifying policy area needs and the requirements for applied policy research on trade development issues; making use of the results of such research for as part of policy formulation; establishing processes and systems to formally implement policies.

TABLE 17: DEVELOPING AND IMPLEMENTING POLICIES

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.3.2 An effective systemic approach to the development and implementation of trade policies is in place	KPI.3.2 All major National Trade Policies are rooted in comprehensive research papers	Most NSDP trade policies are originating from research papers	All trade policies are originating from research papers in new NSDP	NSDP
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.3.2.1 MoC makes use of Trade Policy Research to enhance trade, improving the systemic approach to implement trade policies and strategies through formal structures	KPI.3.2.1.a MoC commissions applied trade policy research based on perceived needs	3 value chain studies	At least 2 additional studies yearly	Project reports
		KPI.3.2.1.b MoC making use of research results to shape trade policy making and implementation	Findings of Rice study mainstreamed in national strategies	50% of research papers mainstreamed in national strategies	Project reports
		KPI.3.1.2.c Transparent and predictable management structures for trade policy implementation are established and utilized	A national value chain unit was set up in 2011	The value chain unit operates regularly issuing at least two studies yearly	Project reports
	BB.3.2.2 Policies are implemented at functional level within the Provinces	KPI.3.2.2.a Implementation strategy adhered to on provincial level with PDoCs implementing policies and monitoring functions	System is in place but it does not cover Trade SWAp issues comprehensively	A system is put in place to cover all Trade SWAp issues by 2012	Project reports
	BB.3.2.3 Policies are implemented at functional level with support from Line Ministries and/or within Line Ministries	KPI.3.2.3 Results of trade development policy implementation monitored and fed back to MoC	A monitoring system was set up in 2011	Line Min. participate fully in Trade SWAp annual monit. reports by 2012	Project reports

	BB.3.2.4 Partner agencies are able to deliver required high quality trade policy research	KPI.3.2.4 Number and quality of research reports produced	Three value chain reports were completed in 2010	At least two reports are produced annually with inputs from Line Ministries	Project reports
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C. ESTABLISHING COUNTRY SYSTEMS

5.10. Establishing core management systems and processes to enable the effective operation of institutions involved in the Trade SWAp, including planning, monitoring and evaluation, finance and procurement, human resources development and management.

TABLE 18: ESTABLISHING COUNTRY SYSTEMS

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.3.3 Core institutional systems and skills ensure the effective development and performance of trade-related institutions	KPI.3.3 Reliability on external consultants decrease as they are progressively replaced by officials' expertise	2,407 working days provided by consultants in 2011	10% annual decrease	D/ICO
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.3.3.1 MoC capacity is enhanced to manage financial aspects of the Trade SWAp in a timely and efficient manner, to support human resource management and development in support of the Trade SWAp, to set up an effective Trade SWAp development planning system and a functioning M&E system	KPI.3.3.1.a Timely financial data used in management of the Trade SWAp	Available for TDSP and EIF in 2011	Available for other projects, as needed	Project reports
		KPI.3.3.1.b Good governance framework from TDSP put into practice	In place	To be updated regularly	DICO
		KPI.3.3.1.c Availability of up-to-date Pillar Road Maps	Road Maps were approved in Oct 2011	Road Maps should be updated annually	Pillar reports
		KPI.3.3.1.d Consensus and commitment to Road Maps amongst key stakeholders	Unrecorded adhoc meetings organized)	20% annual increase	Pillar reports
			A monitoring system for the	Monitoring system to be	

	KPI.3.3.1.e Timely available monitoring and evaluation information informs management decision-making on project and program levels	Trade SWAp was started to be put in place in 2011	completed by mid 2012	
BB.3.3.2 The PDoCs capacity to fully participate in the wider Trade SWAp M&E system and to support human resource management and development in support of the Trade SWAp is enhanced	KPI.3.3.2.a Provinces adopt M&E methodology used by MoC to report on results in trade development	Committee PRAKAS for Implementation issued in late 2011	Prakas to be implemented in 2012	Project reports
	KPI.3.3.2. b PDoCs support M&E activities from D/ICO and Dept of Trade Information and Statistics within their Province	Not in place in 2011	To be in place by mid 2012	DICO
	KPI.3.3.2.c Monitoring data is made available by PDoCs to D/ICO in a timely manner	Not available in 2011	To be in place by mid 2012	DICO
	KPI.3.3.2.d Staff have the required knowledge and skills to fulfill their role in the Trade SWAp	Training not yet provided as of 2011	Training to be delivered as needed	DICO
BB.3.3.3 The capacity of Line Ministries to fully participate in the Trade SWAp M&E system and to support human resource management and development in support of the Trade SWAp is enhanced	KPI.3.3.3.a Line Ministries adopt M&E methodology used by MoC to report on results in trade development	Not yet in place	To be in place by 2012	Project reports
	KPI.3.3.3.b Line Ministries support M&E activities coordinated by D/ICO	Not yet in place	To be in place by 2012	DICO
	KPI.3.3.3.c Monitoring data is made available by Line Ministries to D/ICO in a timely manner	Not yet in place	To be in place by 2012	DICO
	KPI.3.3.3.d Staff have the required knowledge and skills to fulfill their role in the Trade SWAp	Not yet in place	To be in place by 2012	DICO
BB.3.3.4 Civil servants have a level of knowledge on trade and trade related issues appropriate to their position and role played	KPI.3.3.4 RSA provides high quality awareness training on trade for all civil servants and specialist training courses for special positions	Training not yet provided by RSA	250 officials trained at the end of 2012	Project reports

D. COMMUNICATING TRADE SWAP

5.11. Communicating Trade SWAp and its opportunities to key stakeholders; communicating results and lessons learnt during Trade SWAp implementation to internal and external audiences.

TABLE 19: COMMUNICATING TRADE SWAP

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.3.4 Stakeholders' awareness of Trade SWAp opportunities and results increases	KPI.3.4 Number of references to Trade SWAp in other ministries' official documents	References made in 5 line ministries (MEF, MIME, OCM, CDC, MAFF) including MOC departments in 2011	10% annual increase	Reports from Line Ministries
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.3.4.1 Increased awareness on Trade SWAp opportunities and results in Line Ministries, private sector and other stakeholders	KPI.3.4.1.a Presence of private sector representatives in Pillars' meetings and SSCs	Not regular up to 2011	Regular presence starting in 2012	DICO
		KPI.3.4.1.b Best practices shared with other key stakeholders concerned	Best practices not yet in place	To be shared starting from 2012	
	BB.3.4.2 Opportunities for supporting and participating in the Trade SWAp and good practices, experiences and results achieved are disseminated within and by PDoCs	KPI.3.4.2.a Good practices, experiences and learning communicated and shared with other key stakeholders	Not yet available	To be shared starting in 2012	DICO
		KPI.3.4.3.b Level of support requested through Trade SWAp by private sector in the provinces	None up to 2011	At least 2 requests annually by 2013	
	BB.3.4.3 Opportunities for supporting and participating in the Trade SWAp and results achieved are disseminated within and by Line Ministries	KPI.3.4.3.a Good practices, experiences and learning communicated and shared with other key stakeholders concerned within and outside Cambodia	One report published in 2011	One report annually	DICO

E. NEGOTIATING TRADE REFORMS

5.12. Representing Cambodia in relevant trade forums; consulting with Cambodian stakeholders and use of information to develop negotiating positions.

TABLE 20: NEGOTIATING TRADE REFORMS

	Strategic Outcome	Strategic Indicators	Baseline 2009	Target	Source
Strategic Level	SO.3.5 Designated RGC institutions can effectively represent and negotiate Cambodia's interests in trade at the bilateral, regional and multilateral fora	KPI.3.5 National program for negotiating trade reforms is implemented successfully	A national program is not in place	National program to be set up by mid 2012	Project reports
	Building Blocks	Key Performance Indicators	Baseline 2009	Target	Source
Operational level	BB.3.5.1 Capacity of MoC and Line Ministries to negotiate Cambodia's interest in trade at the bilateral, regional and multilateral level enhanced	KPI.3.5.1 Line Ministries contribute to the preparation of the negotiation process	Not in place	Line Ministries provide inputs in the national program for negotiation	Project reports

6. TRADE SWAP MANAGEMENT FRAMEWORK

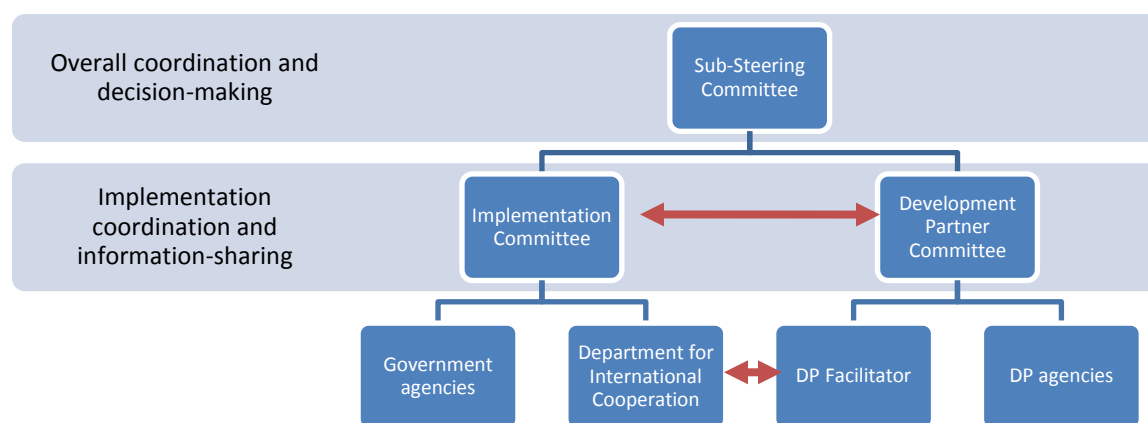
6.1. This section describes the Trade SWAp management framework, which is based on the RGC and DPs commitments to increase Aft Effectiveness, spelled out in Table 1. Operational details on TDSP functioning are consistent with the Trade SWAp management framework, but are described in more details in the TDSP Operational Manual.

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A. KEY ROLES

6.2. Figure 5 outlines roles and responsibilities of the main stakeholders involved in designing, implementing and monitoring the Trade SWAp.

FIGURE 5: TRADE SWAP COORDINATION



6.3. The Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC.TD-TRI), chaired by the Senior Minister and Minister of Commerce, is the depositary of the Trade SWAp's ownership as it is in charge of overall policy directions, oversight and review of consolidated monitoring reports. It is also mandated to approve the Pillars' Road-Maps as well as the annual Action Plans for each of the Pillars' Building Blocks. The SSC.TD-TRI plans to meet quarterly and is supported by a Secretariat hosted in D/ICO.

6.4. Three Pillar Teams are composed of representatives of RGC and DPs. They are led by senior officials from RGC and DPs and each team is coordinated by a "shepherd". Based on the DTIS, each team is in charge of developing the overall approach described in the Pillar Road-Maps, including a definition of objectives, strategic outcomes and indicators. A number of Task Teams report to the Pillar Leaders on the definition of the specific Building Blocks for each of the predefined Strategic Outcomes. The Task Teams are expected to draft Action Plans for each Building Block, defining detailed indicators at operational level. These teams have been meeting regularly to develop the structure of the present document.

6.5. The Implementation Committee (IC), chaired by the MoC's Secretary of State and composed of RGC representatives, is in charge of the regular oversight of the Trade SWAp and the preparation of decisions and documents to be referred to the S/SC. D/ICO is the secretariat of the IC.

6.6. The Department of International Cooperation at MoC (D/ICO) is in charge of the daily coordination and management of the Trade SWAp. It serves as secretariat of the S/SC and the IC. It is the program manager of the TDSP and the EIF (see below). It is in charge of liaising with DPs and of monitoring and evaluation of the Trade SWAp. Figure 6 highlights its organization.

6.7. On the DP side, a core group of DPs has agreed to tight partnership principles and is meeting as a Development Partner Committee (DPC) on a monthly basis to coordinate, share information, and take views on specific substantive issues. The DPC has overall responsibility to ensure DPs adherence to the commitments to increase Aft Effectiveness described in Table 1. The DPC provides a unique focal point for communication between

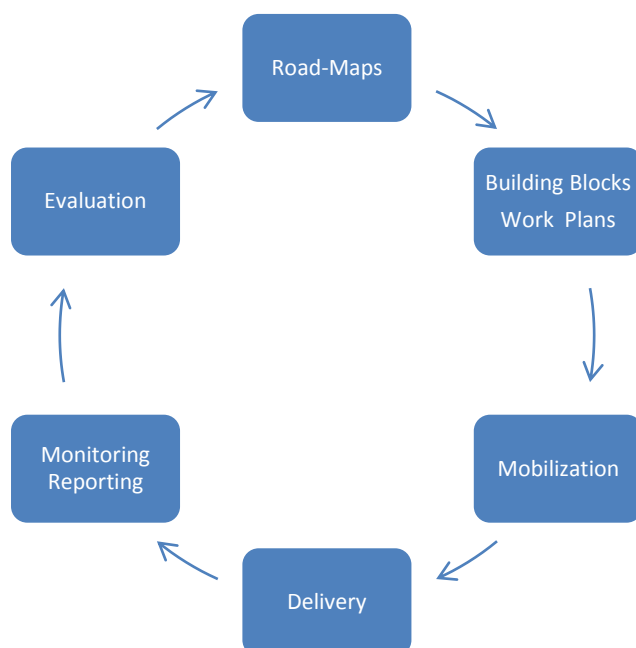
D/ICO and DPs and it is the major venue to ensure DPs harmonization and alignment. World Bank ensures its secretariat.

6.8. Finally, there are a number of multilateral and bilateral funding vehicles to support the implementation of the Trade SWAp. The Trade Development Support Program (TDSP) is co-financed by DANIDA, the European Commission and UNIDO, and administered by the World Bank. The Enhanced Integrated Framework is administered by UNOPS. Additional interventions are funded by ADB, particularly in the area of SPS, and other bilateral and multilateral DPs. The three major funding mechanisms described above are specifically aligned to the Trade SWAp. Their interventions are limited to reform areas explicitly defined in the road-maps, they support the overall design, management and monitoring of the Trade SWAp and they are fully integrated into the Trade SWAp management structure.

B. PLANNING AND IMPLEMENTATION PROCESS

6.9. The Pillars' Road-Maps are drafted every three years, based on an **Overall Independent Evaluation** of the Trade SWAp and on the RGC Trade Integration Policy which is expected to be updated regularly. **Annual Monitoring** will be carried out jointly by RGC and DPs, under the coordination of D/ICO. Monitoring reports will provide recommendations to adjust Road-Maps objectives, strategic outcomes and indicators.

FIGURE 7: PLANNING AND IMPLEMENTATION PROCESS



6.10. Work Plans detailing operational interventions in each of the Building Blocks are drafted annually, reflecting progress in reaching consensus on solutions to the constraints listed in Session 2. The Task Teams are responsible for drafting the work plans, under the coordination of D/ICO which will provide technical support, including by recruiting technical advisors, when needed to plan interventions in complex areas. Work Plans will be formally approved by the Implementation Committee and transmitted to D/ICO for their implementation.

6.11. D/ICO will be responsible for matching DPs Aft interventions with the content of the Work Plans. In an interim arrangement, DICO will have to broker funding sources and work plans, while DPs are making progress in harmonizing their Aft processes and procedures, including by pooling resources and funding multilateral agencies. In the mid-term DPs appraisal procedures will have to be adhered to. Specific project interventions to implement work plans will be appraised with two methodologies. The first modality foresees the submission by Implementing Agencies (IAs) of project proposals to D/ICO as a result of Call for Proposals issued annually by D/ICO, which will promote synergies among IAs in view of maximizing interventions' efficiency and effectiveness. This process will be broken down in two phases: a) submission of concept notes by IAs; b) finalization of comprehensive project

proposals, based on consultation of IAs on their concept note and with the support of technical advisors, whenever necessary. Decision on funding allocation will be taken by the Implementation Committee, based on D/ICO's recommendations. The second modality is based on process that fast-tracks the preparation of project documents with the employment of technical consultants who will be requested to draft Terms of Reference or technical description of goods and services to procure. Also in this case, stakeholders' consultation will be at the base of developing any technical proposal, which will have to be approved by the Implementation Committee. Other appraisal modalities might have to be adapted to the procedures of specific DPs. D/ICO will have to advise IAs to make sure that the monitoring indicators agreed for each specific project are consistent with the strategic outcomes and indicators listed in Table 1.

6.12. Implementing Agencies will undertake responsibility for delivering project activities. Procurement of resources to implement projects will be carried out either by D/ICO (TDSP) or by the IAs, depending on the arrangements negotiated with the DP providing funds for that specific project. In any case IAs will maintain primary responsibility in meeting project outcomes and indicators, which will be consistent with the strategic outcomes and indicators of that particular building block.

6.13. Implementing Agencies will report regularly to the Implementation Committee, through D/ICO, on the attainment of their project objectives and outcomes. Task Teams in charge of the specific building block of intervention will also be kept abreast of progress and they will provide overall technical guidance on implementation and coordination with other projects, including related activities in other Pillars.

6.14. As mentioned in 4.9, Joint Annual Monitoring will be organized by D/ICO to evaluate progress in achieving high level indicators listed in Table 1. Monitoring will be based on analysis of reports from specific projects, observation during the joint review mission and analysis of macro-economic reports issued by the RGC. Moreover, specific surveys will have to be carried out to measure progress in specific areas. Specific resources to finance monitoring activities will have to be earmarked and administered by D/ICO on behalf of the Implementation Committee.

6.15. The draft Joint Annual Monitoring Reports will be discussed in Annual Retreats, which will also be an opportunity for drafting recommendations on adjusting the Road-Maps. The final Joint Annual Monitoring Reports will be submitted for approval to the S/SC and will then be disseminated to all stakeholders.



ANNEX 1: “12-POINT ACTION PLAN TO IMPROVE THE INVESTMENT CLIMATE AND TRADE FACILITATION”

Twelve Point Action Plan	Results to date
Establish a Cross-Agency Trade Facilitation / Investment Climate Reform Team	<i>Some progress.</i> A Cross-agency Trade Facilitation and Investment Climate Reform Team was created on August 19, 2004, by Prakas No. 2289/04 CDC. The duties of the reform team are to recommend the steering committee of Private Sector Development on policy design, institutional reforms to streamline trade facilitation. The team usually meets along with the sub-steering committee meetings of Trade Development and Trade Related Investment chaired by Senior Minister of Commerce. The quality of coordination is however uneven. In addition, an inter-agency coordination group on risk management has also met on a more regular basis (see below).
Establish a System of Transparent Performance Measurement including Private Sector Monitoring	<i>Temporary progress.</i> A “Performance Measurement System for Trade Facilitation” (PMS-TF) was designed by a private firm in 2005 and a baseline was published in August 2005. The report was widely disseminated, including at a G-PSF event. The PMS-TF combined a “Reform Score Card” survey approach, with questions modeled for comparison with ICA 2003 questions, and an adapted Time to Release methodology, using an “audit trail” of trade facilitation documentation and steps and electronic time-stamping embedded in the TF <i>process</i> . However the system has not been sustained.
The trade facilitation process, including all licenses, procedures and documents, will be reviewed to remove overlaps and unnecessary approvals. Following the reengineering, a Single Administrative Document will be implemented and other documents progressively eliminated.	<i>Some progress toward SAD.</i> A number of streamlining measures were taken, including moving to joint inspection (Customs / CamControl) and issuing certificates of processing and of origin, and visa on commercial invoice and export license done based on this joint inspection (September 2004); joint Customs-CamControl focal point in large garment factories; fewer steps and faster turnaround for certificates of origin, and visa on commercial invoice and export license (May 2004). The Single Administrative Document was developed in 2006/7 and is implemented since 2008 (manually since January 1 st and through ASYCUDA since May 1 st).
Introduce an overall risk management strategy to consolidate and rationalize all examination requirements of the different control agencies.	<i>Progress in CED mainly.</i> Sub-Decree 21 on risk management was signed in March 2006. CED created a Risk Management and Audit office in 2007 and staffed it. Other trade-related agencies have not created any similar unit yet. The consolidated list of prohibited and restricted goods was approved by the Prime Minister in December 2007, after considerable debates to trim it down (showing that the principles of selectivity and risk management are not owned by all relevant agencies). CED has developed risk indicators and selectivity criteria and a system to profile traders. These various lists and indicators have been uploaded to ASYCUDA. Service level agreements have been drafted but have not been signed yet. The proportion of containers that are physically open remains high (but not yet reported systematically, which requires ASYCUDA to be implemented), in part the logical initial results of the risk management approach (it will take time to calibrate the risk parameters to move toward a more optimal system).
A strategic review of the role of CamControl will be launched to more productively deploy the organization’s unique knowledge of quality control processes and make optimized use of inputs and resources from other agencies, such as the CED.	<i>No progress.</i> The strategic review was carried in 2005 and the RGC decided to strengthen CamControl. Progress has been limited: CamControl remains focused on border activities; it has not yet developed a risk management approach; and issues of coordination with CED remain.

<p>A Single Window process to manage trade facilitation will be piloted in the Port of Sihanoukville by December 2005. The Trade Facilitation process, once streamlined, will be automated by December 2005.</p>	<p><i>Progress toward ASYCUDA.</i> The RGC decided in 2006 to move toward the ASEAN Single Window by 2012, based on the ASYCUDA platform. The ASYCUDA system has been launched in May 2008 at the Port of Sihanoukville and CED plans to roll it out to other CED offices in the coming 2 years.</p> <p>Automation at other trade related agencies has not moved – expect that the MoC is planning the introduction of a Trade Information Gateway that would automate MoC-related processes (in addition to providing a knowledge portal for all trade-related regulations and processes). Also, a One-Stop Service is being implemented with 5 agencies at each operational Special Economic Zone (only Bavet so far).</p>
<p>The Government will introduce a WTO compatible flat fee for service, and the service will be defined by a service-level agreement.</p>	<p><i>No progress.</i> No progress has been made in this area and high, multiple and unpredictable fees remain a concern for the private sector. CED is designing a processing fee for ASYCUDA, which could form the platform for a streamlined fee structure.</p>
<p>Streamline the process and reduce the cost of incorporating with the Commercial Register, which is maintained at the Office of the Clerk of the Commercial Court, and costs an average of \$630 and 30 days.</p>	<p><i>Good progress.</i> MoC lowered the cost of registration from \$615 and 30 days to \$177 and 10.5 days. The minimum capital requirement was also lowered from KHR20 million to KHR4 million (it is however noted that most countries, including civil law countries like France, have now abandoned paid-in minimum capital requirements). The registry is also getting computerized.</p>
<p>Streamline the process notification of the Ministry of Labor to start hiring employees, which costs \$250 and 30 days to complete</p>	<p><i>Limited progress.</i> The Ministry of Labor and Vocational Training reviewed the process and reduced the fee from \$250 and time of 30 days to US\$150 and 7 days in January 2005. The Labor Inspection Department is responsible for this reform and states that several training sessions were conducted for stakeholders to disseminate the new measures. Through validation with the private sector, it was found that unofficial fees of about \$100 per application are still required in order to expedite the hiring process.</p>
<p>Harmonize registration for VAT, income tax, and company registration using the same form and resulting in the same number. This would enable a unique identifier and facilitation information sharing across agencies.</p>	<p><i>Limited progress.</i> The VAT or Income Tax Identification Number (TIN), issued by the Tax Department for paying VAT, import duty & excise tax and income tax declaration. However, the registration number issued by the MoC is unrelated to the TIN.</p>
<p>Implement a national award to promote good governance citizenship and governance in the private sector.</p>	<p><i>Temporary progress.</i> A Good Corporate Citizenship Award event was held in 2005, but this has never been repeated.</p>
<p>Monitoring and Reporting</p>	<p><i>Limited progress.</i> The Government Private Sector Forum continues to operate, including its working groups on investment climate and export. Also, Investment Climate Surveys have been conducted by the World Bank in 2003 and 2007.</p>



ANNEX 2: PRAKAS ON ESTABLISHMENT ON WORKING GROUPS OF THE TRADE SECTOR-WIDE APPROACH (SWAp)

(Draft Un-official and un-edited translation)

KINGDOM OF CAMBODIA NATION RELIGION KING

Ministry of Commerce
No. 036 MOC / SM 2010

PRAKAS on Establishment on Working Group TRADE Sector-Wide Approach (SWAp)

SENIOR MINISTER, MINISTER OF COMMERCE

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0908/1055 dated 25 September 2008 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Code No. NS/RKM/0196/16 dated 24 January 1996, on the of law Establishment of Ministry of Commerce;
- Having seen the Sub-Decree No. 91 HNRB.BK dated 01 August 2007 on the Establishment of and Conducts of the Ministry of Commerce;
- Having seen government decision No.76 SSR date 14 December 2009 on the establishment of committee and working group for implementation bilateral fund and corporation SWAp
- Referring to Sub-Steering Committee on Trade Development and Trade-Related Investment

DICISION

Article 1

The Establishment of members of Legal Working Group and Cross-Cutting Issues as following:

- 1- Mr. Va Rutsan , Director of Intellectual Property Department, MOC

- 2- Mr. Mr. Seang Thai, D.DG of IT, MOC
- 3- Mr. Penn Sovicheat, Director, D/NLC MOC
- 4- Mr. Chy Mean Hea, D.DG of Technical, MOH
- 5- Mr. Kim Santhipheap, D.DG of Technical, MOJ
- 6- Mr. Sim Nara, D.DG, MIME
- 7- Mr. Hou Leng, D.Director General, MIME
- 8- Mr. Hean Vanhan, D.Director, MAFF
- 9- Mr. Mr. Om Dararith, D.DG of IT, MOC
- 10- Ms. BunChhinh Veasna, Director of Dept, Eco Development, MOWA
- 11- Mr. Nget Vibol, Director, Indus IP Dept, MIME
- 12- Mr. Nuon Chanrith, Chief office of technical customs and Int'l Affairs, MEF
- 13- Mr. Chat Sosopheak, Director of Legal Department, MIME
- 14- Mr. Nop Kannavuth, Deputy of Investment & Planning, MOP
- 15- Mr. Tan Youvaroth, D.Director, D/MUL, MOC
- 16- Mr. Sim Sok Kheng, Deputy Director of Intellectual Department, MOC
- 17- Mr. Mr. Suon Prasith, Chief of Office, D/ICO, MOC
- 18- Mr. Treng Doma, D. Director of Telecommunication Department, MOPT
- 19- Mr. Phan Oun, D. Director of Department of Technical Affairs and Public Relations, MOC
- 20- Mr. Phum Ra, D. Director of Legal Affair, MAFF
- 21- Mr. Nhem Savong, D.Director MOPT
- 22- Mr. Nop Sophorndara, D. Director D/MUL, MOC
- 23- Mr. Sin Saradi, D.Director, Author Rights Dept. MOCA
- 24- Mr. Keo Muny, D. Director Plan & Statistic D, MOCA
- 25- Ms So Sreymech, D.Director D/LA, MOC
- 26- Mr. Chan Sopha, D.Director of Standard Dept, MIME
- 27- Mr. Chen Seng Heang, D.Dir. In charge of Laboratory, MIME
- 28- Mr. Suon Sotheoun, D.Director of Animal Health Dept, MAFF
- 29- Mr. In Sambo, Chief of Laboratory, MIME
- 30- Mr. Long Kanaboth, Chief of Office, D/ICO, MOC
- 31- Mr. Suon Vichea, MOC
- 32- Mr. Sok Chheang, Chief office, General Department of Legal Affair and Statistic, MEF
- 33- Mr. Som Sachya, Deputy Chief office, Fishery Administrative, MAFF
- 34- Mr. Seang Hong, D. Director of office of International Cooperation and legal affair, Department of Intellectual Property Rights, MOC
- 35- Mrs. Lim Phanny, Deputy Chief Office, MOH
- 36- Mr. Khiev Sothy, Deputy Director, MOH
- 37- Mr. Seang Sin, Officer of MAFF
- 38- Mr. Tep Oun, Officer, CDC
- 39- Mr. Sao Ly, Assistant to office of International Affairs, MEF
- 40- Mr. Ouch Anuttaror, Assistant to office of export, MEF
- 41- Mr. Yin Sodina, Assistant to office of International Affairs, MEF
- 42- Mr. Kleng Sokha Officer of International Cooperation and legal affair, Department of Intellectual Property Rights, MOC
- 43- Mr. Ta Bun Ngek, Officer of International Cooperation and legal affair, Department of Intellectual Property Rights, MOC

The working group shall have the following duties:

- (a). To verify the existing resources and resources received from the development partners



Cambodia Trade Sector Wide Approach (Trade SWAp)

together with the determined and approved priority project;

- (b). To prepare strategy and master activity plan and indicator for yearly monitor on following sector:
 - Legal reform and Trade sector.
 - Trade facilitation
 - Packaging standard, technical barrier to trade, sanitary and phyto-sanitary standards (SPS standards)
 - Intellectual property Rights (IPRs)
 - Trade investment and improve investment climate
- (c). Thinking on the cost to pay for structure and legal reform that Cambodia have to implement as member of global and local organization.
- (d). Do other task which given by multi-funding committees.

Article 2

The Establishment of members of product and Services Export Sectors Development as following:

- 1- H.E. Pech Rithy, Director of Domestic trade Dept, MOC
- 2- Mr. Un Buntha, D.DG of Domestic Trade, MOC
- 3- Mr. Seun Sotha, Director D/PRO, MOC
- 4- Mr. Tin Sony, Deputy Director General, MIME
- 5- Mr. Keo Sovath, Director of Dept. of Industrial Affairs, MIME
- 6- Mr. Thun Virak, Director of Green Trade, MOC
- 7- Mr. Ly Savuth, Deputy Director General of Admin-Finance, MORD
- 8- Mr. Mey Ly Huot, Deputy Director General Administrative, MWM
- 9- Mr. Uy Sambath, Director Globalization and Asean Department, MEF
- 10- Ms Lay Navin, Director of Dept of Small-Medium, MIME
- 11- Mr. Yea Bunna, Director of Nat. Productivity Center for Cambodia, MIME
- 12- Mr. San Phirunna, Director D/MUL, MOC
- 13- Mr. Prak Chandara, D.Director of Edu & Training, MOT
- 14- Mr. Mom Mony, D.Director, D/ICO, MOC
- 15- Mr. Thok Sokhom, D.Director, MOT
- 16- Mr. Ou Phromvirak, D.Director D/PRO, MOC
- 17- Mr. Kao Kosal, D. Director, D/MUL, MOC
- 18- Mr. Soth Sithon, D.Director, Eco Devlpment Dept, MOWA
- 19- Mr. Hing Lyhay, D.Director of International co-operation Department, MOPT
- 20- Mr. Suon Vanhong, Chief of Office, Plan& Public Inv, MOPWT
- 21- Mr. Nov Borey, D.Director D, MIME
- 22- Mr. Sour Sodavy, D. Director, MOFA
- 23- Mr. Pich Romna, D. Director, MAFF
- 24- Mr. Srey Vudy, Chief office, Statistic & Planning Dept. MAFF
- 25- Mr. Hak Pisith, D. Director of Animal Health Dept, MAFF
- 26- Mr. Chhuon Chamnan, Director of Administrative Dept, Fishery Administrative, MAFF
- 27- Mr. Kith Pheara, Chief of Office, D/PRO, MOC
- 28- Mr. Om Vandima, Chief of Office, Indus IP Dept, MIME
- 29- Mr. Khim Mom, Chief of Office, D/ICO, MOC
- 30- Mr. Pech Sokpo, Chief office, Department of Trade Promotion, MOC
- 31- Miss Pen Yutteka, Chief Office, Dept of Economic Development MOWA

- 32- Mr. Neur Sakol, Chief office, Department of Multilateral Trade, MOC
- 33- Mr. Ek Chea, D.Chief of Office, D/PRO, MOC
- 34- Ms. Bun Chomnan, D.Chief of Office, D/PRO, MOC
- 35- Mr. Lay Sophal, D. Chief of Office, D/PRO MOC
- 36- Mr. Uok Sombona, D. Chief of Policy and Taxation Office, MEF
- 37- Mr. Chan Serey Rotha, Officer of Department of International Cooperation, MOC
- 38- Mr. Svay Sophorn, Senior technical officer, MOWM
- 39- Mr. Long Kem Vichet, Officer of Department of International Cooperation, MOC

The working group shall have the following duties:

- (a). To verify the existing resources and resources received from the development partners together with the determined and approved priority project;
- (b). To prepare strategy and master activity plan and indicator for yearly monitor on following sector:
 - Establish an action plan and strategy in order increase ability of supply sector and other sector according to the demand of private sector and related ministry.
 - Request and provide solution in order support the selected sector and also indicate the priority of each sector clearly.
 - Strengthen the commerce committee and increase value added in product and also enhance the ability for exported product as regularly do test of exported product, guaranty of clean and healthy for food product.
 - Strengthen the ability of government authority in place and establish regulation of sanitary and phyto-sanitary standards (SPS standards)
 - Support and enhance to develop in trade sector and be as ownership of enterprise in order enhances to export of small and medium enterprise in Cambodia.
 - Build up the program and inquiry in order to make regulation and credit system in order enhance to provide credit to small investment.
 - Progress on improving and simplifying Investment for Trade Facilitation procedures for investors interested in developing Cambodian export.
 - Any other legal and institutional arrangements that cuts across many or all exporter.
- (c). Thinking on the cost to pay for structure and legal reform that Cambodia have to implement as member of global and local organization.
- (d). Do other task which given by multi-funding committees.

Article 3

The Establishment of members of Capacity Development for Trade as following:

- 1- H.E Khim Serey Vong, Director of D/Personnel, MOC
- 2- Mr. Ouk Ty, D.Director, D/IP, MOC
- 3- Mr. Chan Hong, Director of Domestic Trade Dept, MOC
- 4- Mr. Chan Darong, Director General of Technical, MRD
- 5- H.E Mean Sophear, Director of D/TP, MOC
- 6- Mr. Keur Khemlin, D. Director General of Research, MOJ
- 7- Mr. Uy Sakharat, Director of Statistic & Info Dept, MOC
- 8- Mr. Chan Sovanareth, D.Director General, MOL
- 9- Ms Chuth Leang Vanny, D. Director General, Eco, MOWA
- 10- Mr. Ton Sochea, Director of Water Methodology Department, MIME



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- 11- Mr. By Pitou, Director Indus Technique Dept. MIME
- 12- Mr. Chea Dara, Director of Cooperation and Asian affair, MIME
- 13- Mr. Sing Sokong, Director of Planning, MPWT
- 14- Mr. Kong Puthiara, D. Director, D/ICO, MOC
- 15- H.E Chhiv Yiseang, Director of Study and Intership, ERA
- 16- Mr. Hov An, D. Director of International Cooperation Department, MOC
- 17- Mr. Pheng Sopheap, D. Director of CIB Dept, CDC
- 18- Mr. Put Samith, D. Director of Planning, MoEYS
- 19- Mrs. Kong Sithika, D. Director, D/MUL, MOC
- 20- Mr. Kong KeoMuny, D. Director, D/MUL, MOC
- 21- Mr. Ho Siv Yong, D. Director of Department of International Cooperation, MOC
- 22- Mr. Som Nov, D. Director of Administrative Dept, Fishery Administrative MAFF
- 23- Mr. Siv Nhan, D. Director of Production and Animal Health Department, MAFF
- 24- Mr. Kong Pheach, D. Director of Agri-industry Department, MAFF
- 25- Mr. Po Mao, Deputy of Int'l Cooperation, MOP
- 26- Mr. Ven Keahak, D. Director of Industry Technique Department, MIME
- 27- Mr. Hom Sothy, D. Director of Administrative and Finance Department, MOI
- 28- Mr. Nguy Rith, D. Director of International Cooperation Department, MOL
- 29- Mr. Nup Saveurn, D. Director Department, MOPT
- 30- Mr. Thol Nara, Chief of Office, MOC
- 31- Mr. Kok Chhino, Chief office of Staff and Human Resource, MAFF
- 32- Mr. Rein Kun, Chief office of Human Resource Development, MoEYS
- 33- Mr. Siv Chanrithy, Chief office of Training, Personal Department , MOCA
- 34- Ms. Plong M. Phalla, D. Chief Office, D/ICO, MOC
- 35- Miss Ith Sokom, D. Director of Department of Multilateral Trade, MOC
- 36- Ms. Kim Saveurn, Deputy Chief Office, Department of Legal Affair, MOC
- 37- Miss Sing Sophavy, Officer of Department of International Cooperation, MOC
- 38- Mr. Chhy Kolbochtra, Officer of Department of International Cooperation, MOC

The working group shall have the following duties:

- (a). To verify the existing resources and resources received from the development partners together with the determined and approved priority project;
- (b). To prepare Human Resource Training which help to push the growth in trade sector and related sector in Cambodia
- (c). To prepare master plan with supported by government and the development partners by focusing on some main sector as following:
 - To strengthen capacity development of Ministers of Commerce in close cooperation with other line Ministry to support other trade activities
 - To strengthen capacity development of minister who are working in research and trade analysis fields
 - Capacity development for trade negotiation and the related trade investment of MoC and Ministries, Institutions that support trade sector.
- (d). To do other tasks that are requested by multi-funding committee.

Article4.

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Each working group leader shall organize technical working group meetings at least 4 times per year and organize report about the action of their team to report to multi-funding committee for information and advices. Each team leader shall raise suggestion to this committee in order to set up small expertise working groups for each sector in order to practice deeply Trade SWAp program.

Article5.

Ministries, Institutions that have related project to Trade SWAp program and have a purpose to change or add their representative to each working group shall make a request to sub-Trade Development Committee and trade related investment/MoC.

Article6.

In the case of the scope of work is their ability each working group shall send a report or make their request to seek advice from multi-funding committee and seek for decision from sub- trade development sub-committee and trade related investment.

Article7.

Any Provisions that contradict this Law shall be considered as null and void.

Article8.

Chief of Office of senior minister, General Director of General Department of Administrative and Finance, General Director of General Department of International Trade, General Director of General Department of Domestic Trade, General Director of General Inspection Department and Personal, have to implement by all the meaning of this Prakas start by this signature.

Phnom Penh, February 04, 2010

Senior Minister and Minister of Commerce

CC:

- Cabinet of Prime Minister Samdech MorhaSenaPadeyTeChor Hun Sen
- Cabinet of Deputy Prime Minister H.E. Sar Kheng
- Cabinet of Deputy Prime Minister H.E. Mrs Men Samon
- Cabinet of Deputy Prime Minister H.E. Keat Chhon
- Office of Council of Ministers
- Ministry of Foreign Affair and International Cooperation
- The same as Article 8
- Documents and Archives



ANNEX 3: TEMPLATE FOR PROPOSAL CONCEPT NOTE

Royal Government of Cambodia
Trade Development Support Program (TDSP)

PROPOSAL CONCEPT NOTE

(For D/ICO Use only)

File Number (see TDSP coding)	
Date Received	
TDSP Call for Proposal Batch	
D/ICO Focal Point	
Actions to Be Taken	

1. Submitting Agency Information

Date Submitted	
Submitting Agency	
Submitting Director	
Director Contact Information	
Address	
Tel (office/mobile)	
E-mail	
Focal Point for this proposal within organization, email address and mobile phone	

2. Summary info

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Proposal Title	
Main beneficiaries	
Expected Starting Date	
Expected Completion Date	
Estimated Cost in USD (preliminary estimate)	

3. Proposal development process

Date of first draft version	
Date of internal approval by IA	
Date of presentation to relevant Pillar WG	
Date of approval by Pillar	
Date final version approved	

DETAILED REQUEST

1. Problem to be Addressed and Objective of the Project

- a) What is the problem that you will address and how was it detected (assessment, feasibility study, evaluation, please justify your answer)?
- b) Who is directly affected by this problem and how seriously is he/she affected?
- c) What part of the problem will the project specifically address?
- d) How will the project have changed the targeted persons' (beneficiary) actions and/or situation (in quantitative terms/ qualitative terms) when it is completed?
- e) Who else might be indirectly affected by the problem or benefit from a solution?
- f) What other steps are you taking or are being taken to resolve the problem(s) you identify in addition to this proposal (other donor assistance, support by government, reform, reorganization)?
- g) When was this proposal discussed with the corresponding working group in the relevant Trade SWAp Pillar (Pillar1: Reforms and Cross Cutting Issues. Pillar 2: Products and Services Development, Pillar 3: Capacity Development for Trade)?
- h) What was the outcome of the discussion?



2. Detailed and Concrete Actions to Be Taken

- a) What is the main goal of your proposal
- b) What will be the main outcomes of your proposal
- c) For reach outcome above, what activities would you undertake ?
- d) What "inputs" would you need to complete these activities (Consultant services, training and workshops, equipment? Office and other supplies?)
- e) What resources would your organization commit/dedicate to the implementation of this proposal?

3. What additional assistance do you require in order to develop project proposals and to implement projects in the future?

- a) Help in costing projects
- b) Advice on monitoring and evaluation methods and indicators
- c) Advice on writing consultant terms of reference and technical specifications for goods and equipment
- d) Guidance on budget plan and work plan for projects
- e) Other (please specify)