ROYAL GOVERNMENT OF CAMBODIA
NATION - RELIGION - KING
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**Project Title:** Cambodia Export Diversification and Expansion Program (CEDEP) – Part I: Milled Rice, High Value Silk and Program Monitoring.

**Grant Recipient:** Royal Government of Cambodia, Ministry of Commerce

**Main Implementing Entities:**
- **Milled Rice:** International Finance Corporation IFC;
- **High Value Silk:** International Trade Centre ITC;
- **Evaluation Function and Organization of Core Teams:** Ministry of Commerce (with Department of International Cooperation, EIF/NIU as implementer).

**Starting date:** July 1st, 2012
**End date:** June 30th, 2014
**Duration:** 3 years

**Total Program Cost:** USD $3,383,429
**EIF Funding Sought:** USD $2,407,714

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**Budget (USD)**
From EIF Tier 2
- Year 1: $802,571
- Year 2: $802,571
- Year 3: $802,572

**Total:** $2,407,714

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**Approved by:**

(EIF Focal Point)

(SSC.TD-TRI\(^1\) Chairperson, Senior Minister and Minister of Commerce)

(ES Executive Director on behalf of EIF Board)

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**YEAR 2012**

\(^1\) Sub-Steering Committee on Trade Development and Trade Related Investment
SECTION I: SUMMARY PAGE

Cambodia Export Diversification and Expansion Program (CEDEP) I: Milled Rice, High Value Silk, Program Monitoring Function

A Program of the Royal Government of Cambodia

EIF Tier 2 Proposal

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(See Annex III for estimation of respective in-kind contributions)

This document has been developed as a joint exercise of Cambodia’s EIF National Implementation Unit (NIU) in the Ministry of Commerce, Cambodian Stakeholders, including private sector actors and line ministries, and the Main Implementing Entities. Preparation of this document benefited from funding support from the EIF Executive Secretariat.
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ACRONYMS

ADB  Asian Development Bank
AFD  Agence Française de Développement
AusAid  Australian Agency for International Development
CEDEP  Cambodia Export Diversification and Expansion Program
CTIS 2007 Cambodia Trade Integration Strategy 2007
DICO  Department of International Cooperation, Ministry of Commerce
DANIDA  Danish International Development Agency
DTIS  Diagnostic Trade Integration Study
EC  European Community
EIF  Enhanced Integrated Framework
EIF ES  EIF Executive Secretariat
EIF FP  National EIF Focal Point
GIZ  Deutsche Gesellschaft für Internationale Zusammenarbeit
IC  Trade SWAp Implementation Committee
IFC  International Finance Corporation, World Bank Group
ILO  International Labor Organization
IMF  International Monetary Fund
ITC  International Trade Centre, WTO/UNCTAD
JICA  Japan International Cooperation Agency
LDC  Least Developed Country
MDG  Millennium Development Goal
MIE  Main Implementing Entity
MoC  Ministry of Commerce
NIU  National Implementation Unit
NSC  National Steering Committee (see also S-SC.TD.TRI below)
RGC  Royal Government of Cambodia
S-SC.TD.TRI  Sub-Steering Committee on Trade Development and Trade Related Investment
(Tsinghua National Steering Committee)
TFM  Trust Fund Manager (UNOPS)
Trade SWAp  Trade Sector Wide Approach
UNCTAD  United Nations Conference on Trade and Development
<table>
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<td>United Nations Office for Project Services</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WB</td>
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<td>WTO</td>
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I.9 Program Objective

The Royal Government of Cambodia (RGC) has established a Trade Sector-Wide Approach (Trade SWAp) under the leadership of the Ministry of Commerce to manage and coordinate better the use and implementation of its Aid for Trade. Trade SWAp has three main strategic “Pillars.” Pillar 2 focuses on strengthening the export supply capacity of 19 potential sectors (products and services.)

The main objective of the “Cambodia Export Diversification and Expansion Program” (CEDEP) is to strengthen and diversify export supply capacity in selected Pillar 2 sectors that have been identified as priority sectors by the Government.\(^2\) (More on this below.)

This first proposal (CEDEP-I) focuses on two export sectors included in Pillar 2: **Exports of Milled Rice** and **Exports of High Value Silk**. Both sectors are priority export sectors of the Government. The proposal also includes an **Evaluation Component** intended, in part, to strengthen the capacity of the Department of International Cooperation (DICO) to monitor and evaluate substantive progress of Cambodia’s Trade SWAp. DICO serves as Cambodia’s Trade SWAp Secretariat and EIF National Implementation Unit (NIU.)

In line with the Government’s wishes to tap into the best possible support capacity from its development partners, each component of this EIF Tier 2 proposal will have its own Main Implementing Entity (MIE): IFC for Milled rice, ITC for High Value Silk, and MoC/DICO for the Evaluation Function. Each MIE will be responsible for substantive and financial reporting of its own component directly to UNOPS, in line with that organization’s responsibilities and mandate as EIF Trust Fund Manager (TFM.) EIF Executive Secretariat will be kept informed of progress via copies of the reports prepared for UNOPS. Copies will also be provided to MoC/DICO to assist it in meeting its responsibilities for reporting, on a regular basis, to the Trade SWAp Implementation Committee and the Trade SWAp National Steering Committee -- the Government’s **Sub-Steering Committee on Trade Development and Trade-Related Investment.**

The selection of external MIEs to implement the Milled Rice and the High Value Silk components under CEDEP-I also responds to the Government’s view that, with two major projects already under execution by the NIU (MoC/DICO) – namely EIF Tier 1 and TDSP – there is not enough capacity and manpower in DICO at present to execute yet another major project. In addition, the line Ministries that could be considered as partners for CEDEP-I implementation do not have the minimum-required fiduciary and management capacity to act as implementing entities for EIF technical assistance projects. However the need for deepening support in the sectors covered by Pillar 2 remains paramount and cannot wait.

\(^2\) At the moment, Pillar 2, in accordance with the Government’s current objectives, has prioritized 7 of the 19 export potential sectors identified in the *Cambodia Trade Integration Strategy 2007 (DTIS 2007)* for immediate action.
As noted in the WTO Secretariat Report prepared for Cambodia’s 2011 Trade Policy Review (TPR) Meeting, “with macroeconomic stability firmly entrenched by the time of Cambodia's accession to the WTO in 2004, the country embarked on implementing far-reaching reforms to achieve rapid and sustained socioeconomic development. **International trade has been crucial to achieving this goal as it has been the driving force behind much of Cambodia's recent economic growth and poverty reduction, linking its economy more firmly to regional and global markets.**”\(^3\)

As noted in the RGC’s report prepared for the aforementioned TPR Meeting, “Cambodia has successfully met the challenges presented by the 2008-2009 world economic crises. However, events since 2008 clearly show the extent of Cambodia’s exposure to external shocks. [.....] In the period ahead, the Royal Government will be striving to deepen and broaden Cambodia's integration into the world and regional trading systems. At the same time, the economy's exposure to negative shocks transmitted through this system must be reduced. **The diversification of export products and export markets is the key to accomplishing this goal.**”\(^4\)

This EIF Tier 2 proposal is the first of two planned proposals to be submitted by the Royal Government of Cambodia, Ministry of Commerce to the Enhanced Integrated Framework. The Ministry is preparing a second proposal for submission to the EIF within the next few months to focus on another three priority export sectors identified in Pillar 2.

### I. 10 Program Results: Impacts

By strengthening and diversifying exports in the two selected sectors, one key anticipated impact of the program is to affect positively job creation and poverty reduction, if only by virtue of the fact the two sectors are labor-intensive and recruit from a broad swath of the population, including in some of the poorest regions of the country. This is consistent with Cambodia’s MDGs and with Trade SWAp Goal #1 as formulated in the Trade SWAp Pillars Road Maps (see Annex I).\(^5\) A second expected impact of CEDEP is to assist the Government in reducing the country’s vulnerability to possible future external shocks by focusing on expanding and diversifying the export base. This is consistent with Trade SWAp Goals #2 and #3. Third, implementation of the two sector components of this program will require for Government to work closely with the private sector. Accordingly, this program should have a positive impact on Government-Private Sector dialogue and enhanced responsiveness of both to their respective needs and responsibilities. This is consistent with Trade SWAp Goal #4. Lastly, the monitoring

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\(^3\) WT/TPR/S/253, Page vii, November 2011

\(^4\) WT/TPR/G/253, Page 7, para 16, November 2011

\(^5\) See also Royal Government of Cambodia, Ministry of Commerce, Trade Sector Development and Aid for Trade in Cambodia, July 2011, Page 13. This document was prepared for the Fourth Global Review of Aid for Trade organized by the WTO and OECD in July 2011.
function built into this proposed program should continue to support the RGC’s effort to build its capacity to monitor, manage and lead the implementation of its Aid for Trade. This is consistent with Trade SWAp Goal #5.

I. 11 Program Results: Outcomes

The Export of Milled Rice component will focus on three main outcomes:

- The Enabling Environment for the Cambodian Private Sector to meet the Government’s targets for Milled Rice exports is enhanced and sustained through the creation of an Association of Rice Exporters and through enhanced G-PS dialogue among Government, the Association of Rice Exporters, and existing associations on Rice exports in G-PSF or other venues;
- Cambodian Rice Millers are successful in identifying several new major import market opportunities (in addition to EU and Russia);
- Cambodian Rice Millers are successful in clinching and completing export contracts by meeting quantities, prices, and quality requested by importers, especially with respect to fragrant rice which is developed as the leading Cambodian rice brand.

The Export of High Value Silk component will focus on three main outcomes:

- To increase export sales of handmade high value silk products by eight to twelve Cambodian silk exporters and their respective production networks (estimated at 1200-1500 female weavers in rural villages) to up to five selected importing markets and to international visitors;
- To ensure that improved quality and product design of handmade Cambodian silk products meet market demand requirements for targeted export markets and international visitors;
- To ensure that public and private stakeholders jointly articulate strategic priorities and initiatives as identified in the intended Silk Sector Export Strategy, including gender-focused initiatives, in order to increase competitiveness and exports of the silk sector enhancing thereby its development impact. And, to create an institutional and country-owned mechanism, the National Silk Board, to manage and implement strategic priority priorities in a sustainable manner.

Both sector components will put a strong focus on growth of exports through diversification including development of products and services that move the sector up its value chain and allow it to penetrate new import markets. In addition, by focusing on high-value silk products and Cambodian fragrant rice, both components will ensure that Cambodian exporters are ready to compete not only on price but also on quality. Work in these two sectors is consistent with Pillar 2 Outcome 3 under the Trade SWAp’s Strategic Framework.
The **Evaluation** component will focus on two main outcomes:

- Strengthening the NIU’s capacity to evaluate impacts, results, and progress of technical assistance under Trade SWAp
- Strengthening the NIU’s capacity to disseminate progress and results of technical assistance under Trade SWAp

The Evaluation outcomes will be linked to communications and dissemination of results by MoC. Communications of results is an area targeted for capacity development by MoC. Proposed work under this component is consistent with Pillar 3 Outcomes 1 and 3.

**II. STRATEGIC CONTEXT**

**II.1 Cambodia’s Medium Term Programme to Strengthen the Country’s Productive and Trade Capacity**

In 2006, the Royal Government of Cambodia proceeded to update its 2001 Diagnostic Trade Integration Strategy. The result was the preparation of the *Cambodia Trade Integration Strategy 2007* (CTIS 2007). The strategy was endorsed by the Sub-Steering Committee on Trade and Trade-Related Investment in March 2007 and launched officially by H.E. Prime Minister Hun Sen in December 2007.

CTIS 2007 stresses the need for Cambodia to expand and diversify its export base above and beyond its two core export sectors – garments and tourism. To support this major strategic direction, CTIS 2007 identifies: (1) 19 product and service export potentials for export development focus; (2) “cross-cutting” reforms and institutional developments required to unleash growth in those potential exports; and, (3) capacity developments in areas of trade policy and Aid for Trade management.

In early 2008, the Royal Government of Cambodia, in consultation with its Development Partners, launched a **Trade Sector-Wide Approach (Trade SWAp).** The goal of Cambodia’s Trade SWAp is to deepen the implementation of Aid for Trade in order to address the priorities identified in CTIS 2007 through a coordinated *program approach*. This is in line with the Paris and Phnom Penh Declarations on Aid Effectiveness that promotes the use of SWAp’s and program approaches for strengthening sector development.

Cambodia Trade SWAp is organized around three “Pillars.” Each Pillar is led by mixed teams of Government officials and Development Partner representatives. Each team is responsible for developing a “road map” for its pillar, for identifying areas of capacity development to respond
to the challenges identified in CTIS 2007, and for helping formulate projects that can be financed through development assistance. See Text Table below.

The priority areas identified by the three pillars have been consolidated in the *Trade Sector Wide Approach: Three Pillars’ Road Map*. The Road Map document includes a **basic log frame for the entire Trade SWAp with Key Performance Indicators (KPIs), baselines and targets.** The priority areas identified in the three Trade SWAp road maps are shown in the Text Box include here.

With respect to export potential value chains, as indicated above, Pillar 2 has prioritized, for now, seven of the 19 export potentials identified in CTIS 2007. Milled Rice and High Value Silk products are two of the seven prioritized value chains.

**The Trade SWAp Pillar Road Maps are the basis for Cambodia’s Medium Term Programme.** Going forward, and in coordination with Cambodia’s forthcoming update of its Diagnostic Trade Integration Strategy (DTIS) planned for the second half of 2012, progress against the Trade SWAp road maps will be assessed and the road maps will be updated. In addition, an updated list of ongoing and pipeline AfT projects will be prepared and matched against the Trade SWAp road maps targets to identify where new assistance might be needed above and beyond that already in place or planned.

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7 With funding support from EIF Tier 1, the EIF NIU – MoC/DICO — is launching an independent overview evaluation of the progress made against the Trade SWAp road maps against 2009 baselines. This evaluation will be carried out during May or June 2012. In addition, the planned DTIS update will be an opportunity to take a further, detailed look at progress made against the KPIs in most if not all the priority areas targeted under the three pillars. As part of the update, KPIs identified for Pillar 2 roadmaps will be made more consistent with those developed under CEDEP I (and the forthcoming CEDEP II) for individual export sectors.
8 The last detailed data base of all AfT in Cambodia was prepared in early 2008 under the MoC-UNDP TRADE project and is out of date. TRADE was jointly financed by UNDP and IF Window 2.
The Three Pillars of Cambodia Trade SWAp  
And their Respective Priority Areas

1. Pillar 1:  
   a. Sanitary and Phytosanitary Standards / Technical Barriers to Trade  
   b. Trade Facilitation (linked in part to the implementation of the “Twelve Points Action Plan” adopted by Special Inter-Ministerial Task Force on Trade Facilitation and Investment Climate (SITF) created by the Prime minister in June 2004)  
   c. Intellectual Property Rights  
   d. Legal Reform (linked in part to the implementation of RGC’s “Work Program of Legal Reform and Commitments Resulting from WTO Accession” adopted by the Council of Ministers in February 2004)  
   e. Investment Promotion  
   f. Core Labor Standards  
   g. Trade Finance

2. Pillar 2:  
   a. Trade Information  
   b. Trade Support Institutions  
   c. Value Chains Integration  
      i. Rice (with an emphasis on implementing the Government 2010 Rice Sector Policy and moving up the value chain by emphasizing the export of Milled Rice)  
      ii. Garment  
      iii. Tourism  
      iv. Cassava  
      v. Cashew Nuts  
      vi. Fisheries (with an emphasis on contributing to the implementation of the Strategic Planning Framework for Fisheries, 2010-2019 adopted by the TWG on Fisheries)  
      vii. Silk

3. Pillar 3:  
   a. Leading and Managing Change  
   b. Developing and Implementing Policies  
   c. Establishing Country Systems  
   d. Communicating Trade SWAp  
   e. Negotiating Trade Reforms

II.2 Support to the Government’s National Trade and Private Sector Development Agenda

**Overall Aid for Trade Support**

Cambodia has received and continues to receive significant multilateral and bilateral trade-related technical assistance in the area of Aid for Trade. As mentioned above, the current matrix of AfT assistance in Cambodia is somewhat out of date but will be updated in the context of the forthcoming DTIS update.

Still, several documents prepared in the context of the Third Global Review of Aid for Trade organized by WTO and OECD in Geneva in July 2011 and Cambodia’s Trade Policy Review held in Geneva in November 2011 highlights where Aid for Trade has been deployed since the early 2000s and its positive impact on Cambodia’s growth and poverty reduction.  

In addition to projects and programs executed through traditional Government-Development Partner (DP) execution and implementation channels, a selected group of DPs have elected to provide support through mechanisms that enhance more directly MoC’s capacity to lead and manage the Trade SWAp. In particular:

- With combined funding of the UNDP and the Integrated Framework Window 2, the TRADE project implemented under NEX modality (2005-2010) provided resources for initial development of capacity in the newly created Department of International Cooperation within MoC;
- In 2006, a group of three donors (EC, Danida, and UNIDO) joined forces to create a multi-donor trust fund, administered by the World Bank, and launched a Trade Sector Development Program (TDSP) to be implemented by DICO. By design, TDSP focuses primarily on capacity building in areas covered by Pillar 1 and Pillar 3;
- Support provided by TDSP to Pillar 3 was reinforced in 2009 by Cambodia EIF Tier 1 project focusing on Pillar 3.

The proposed Cambodia’s EIF Tier 2 Program will provide resources to fill a gap in funding in the area of Pillar 2 focusing on preparing a number of potential product and service sectors to expand, diversify and enter export markets and, in so doing, to support a major dimension of the RGC’s policy of export strengthening and diversification.

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Support to Pillar 1

In addition to resources provided by TDSP, Trade SWAp Pillar 1 has received and continues to receive significant resources from multiple DPs including, but not limited to:

- USAID and ADB in areas of legal reform, including, respectively, trade remedies and SPS and TBT regulation and implementation. Earlier, legal reform was also supported by EC-MUTRAP, UNCTAD, CIDA and selected other donors.
- WIPO in several areas of IPRs, AFD in Geographical Indications (GIs), ECAP II and ECAP III
- JICA in the area of investment promotion and Special Economic Zones (SEZs)
- IMF, AusAid, EC, JICA, ADB, WICO and the World Bank (Trade Competitiveness and Facilitation Program) in customs reform and trade facilitation
- IFC-MPDF in the area of Government-Private Sector Dialogue
- ADB, IFC, Japan, China PRC, EC are among some of the major donor in infrastructure programs including road, rail, airports and sea and river ports that are critical to trade
- NORAD, ADB, UNIDO in the area of Standards and SPS

Support to Pillar 2

In the areas of Pillar 2, bilateral donors have been quite active in individual value chains but, for the most part, those efforts have been focused on rebuilding supply capacity for the domestic market. For instance:

- AusAid, JICA, ADB, AFD have provided extensive support to rice and other agricultural sectors
- USAID to value chains such as brick making, swine, and others
- Danida, DFID, Spain, FAO to the Fishery sector

In contrast, the focus on export diversification has been more limited and/or has ended. In many sectors additional technical assistance support remains very much needed. For instance:

- TRADE provided some limited technical assistance to exporters in rice, cassava, cashew nuts, and corn. That project is now closed.
- GIZ (formerly GTZ) provided some support to the cashew nuts, the handicraft, and the rice sector through its private sector development program. That program is also closed.
- AFD provided some support to rubber. AFD has left the sector. Japan is now active in it.
- AFD provided early support to the silk sector. New Zealand, TRADE, and SECO provided some follow-up support (via ITC) but that support has come to an end.
• USAID, AFD, ILO provided support to the Garment Sector – including the implementation of a “Better Factories, Better Work” program, but much of that support has also come to an end.
• ADB and TDSP have been providing some support to CamControl to focus on the introduction of risk management for the export/import of agricultural commodities
• IFC, GIZ, SNV, UNDP, AFD have provided some, but limited support to the Tourism sector
• World Bank has a small study underway looking at trade facilitation issues specific to some of the Pillar 2 sectors including rice

**Support to Pillar 3**

In the areas covered by Pillar 3, the major current sources of funding support come from EIF Tier 1 and TDSP. As mentioned earlier, IF-Window II and UNDP provided seed resources to DICO under the TRADE project (now closed.)

**Specific Support to Milled Rice and High Value Silk Products**

More specifically and with respect to the two sectors selected under this proposal:

• Until recently, IFC, with funding support from EU and other donors, has provided support to exporters in the rice, cashew nuts and horticulture sectors. IFC is concluding its support in cashew nuts and horticulture. IFC is staying involved in the rice sector to focus, in particular, on export of milled rice and making Cambodian rice millers “export ready.”

Under the TRADE project, UNDP had a component focusing on export of milled rice and some of its activities at the time were coordinated with IFC, AFD, and GIZ. 11

The Institute of Standards of Cambodia (ISC) has received a recent support from TDSP that will focus on standards for rice. IFC will coordinate its work on standards with ISC to avoid duplication with that support. The Department of Intellectual Property Rights in the Ministry of Commerce (MoC/DIPR) is looking into the possibility of creating a group mark for rice. IFC will liaise with the Department to ensure coordination. Indeed, IFC is already in touch with both MIME/ISC and MoC/DIPR to coordinate interventions and create synergies.

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10 The European Union and IFC have established a $15 million multi-donor trust fund for the development of SMEs in the agro industry sector in Cambodia. IFC has been implementing a five-year program to enhance the development of SMEs in the agro processing industry in Cambodia on the basis of a value chain approach in order to achieve economic development and poverty reduction in the rural areas of Cambodia

11 TRADE’s work on rice was only one small component of a much larger project. Overall funding for TRADE was about $4.5 million during the 2005-2010 period. GIZ had an advisor posted in MoT’s Trade Promotion Department that worked closely with the UNDP Trade Project in the areas of Rice, Cashew Nuts, Cassava, and Trade Information. GIZ had another component as part of its private sector development project that lasted approximately 2 years during 2006-2008 and focused on organic rice.
AFD has signed an agreement with the RGC for a grant support program in the planned amount of 3.5 million Euros for the rice sector. Tentatively, the program would have four areas of intervention: identification of potential export markets by rice millers; rice standards; strengthening the supply of paddy from farmers or pre-milled rice from small millers to larger millers; strengthening the lending capacity of the Rural Development Bank to the rice sector. In view of the likely progress of the EIF Tier 2-funded milled rice component to be implemented by IFC under this proposal by the time the AFD project is up and running, AFD indicates it would review closely with IFC what might be done under the first two components of the AFD project so as to avoid duplication and promote synergies. In the past, AFD has provided significant support to rice farming, including investment in the rehabilitation of irrigation systems. Back in 2009, AFD also financed a workshop with UNDP TRADE focusing on finance in the rice sector. The workshop played a key role in the discussion about trade financing and provided impetus for the creation of the loan insurance facility put in place subsequently by the World Bank and IFC to support the Government’s Rice Policy.

AusAid and JICA continue to implement supports focusing primarily on irrigation, the productive capacity of farmers, rice quality, and contractual linkages between farmers and rice millers. AusAid’s support is channelled through its CAVAC program (2009-2013, Aus$42 million.) CAVAC seeks to reduce poverty and increase farmer incomes through improved agricultural productivity. This includes supporting higher quality rice seed, product diversification, irrigation infrastructure and better farmer links to market traders and agribusiness. The project is focusing on three provinces: Kampong Thom, Takeo and Kampot. CAVAC also supports CARDI (Cambodia Agricultural Research and Development Institute) to strengthen linkages between research and agricultural extension services.

USAID has launched a five-year HARVEST program (2010-2015) intended to improve food security through enhanced agricultural development and rational management of natural resources. The goal of the project is sustainable increases in incomes and food security with higher nutritional standards for rural Cambodian families. Efforts to address the impact of climate change on rural communities are incorporated in the program’s intervention plans. Geographic focus for farm activities includes the rain-fed lowland areas beyond the floodplain, which are critical for national food security since they are home to the greatest poor and food insecure population. Fishery related activities will be centered on and around the Tonle Sap Lake. Forestry activities include interventions covering all forested areas, community-based forest management agreements, and protected areas, including pilot interventions within each of the major forest types found in our defined provinces – mangrove, evergreen, and deciduous dry forests.

Korea is working with the Ministry of Agriculture, Forestry and Fisheries to prepare an investment framework for value-added processing in the agricultural sector. This work should progress through 2013.

China, PRC has signed two memoranda of understanding with Cambodia on SPS in Milled Rice and in Cassava. At the moment, China PRC has a technical support program
executed by UNDP-Cambodia focusing on improvement in quality and SPS in the cassava sector.

ADB is looking at a possible new loan program in Agriculture that might have a focus on the linkages between rice production and climate change. The program might have a small technical assistance grant linked to it. ADB might also look at other crops including cassava. A concept note will be drafted during 2012 and a possible program would be launched in 2013.

The World Bank has recently revised its “Rice Sector Road Map” (July 2011.) The revised document is an update of a similar study developed in 2009.

Since early 2011, IFC has implemented a Risk Sharing Facility (RSF) project, which is a joint WB-IFC loan guarantee scheme for the agricultural sector, of which rice is the main focus. The program aims to help improve access to credit for rice millers by supporting the sector with up to $50 million in financing. Under this program, participating commercial banks and microfinance institutions that extend credit to the agribusiness sector can get a 50 percent guarantee on these loans in case of default on repayment.

In general, assistance from development partners now benefits from strong strategic guidance from the Government, as formulated in the Policy Paper on the Promotion of Paddy Production and Rice Export (July 25, 2010). More on this below.

• From the mid 1990s through the mid 2000s, AFD was the lead development partner in the sector, initially through its PRESNOC program and, subsequently, its PASS project. The assistance was geared towardsreviving domestic sericulture.12

Following the conclusion of AFD’s support in 2005, the International Trade Centre (ITC) became the main development partner in the sector. ITC focused on developing and implementing a sector strategy in cooperation with the Ministry of Commerce with multi-donor financing provided by New Zealand (NZAID, SECO, and UNDP. ITC’s technical assistance was mainly geared towards building productive capacities in the weaving sub-sector. The second phase of this technical assistance funded solely by New Zealand, ended in March 2012.13

The silk component in CEDEP I will seek to leverage previous achievements, particularly the enhanced productive capacities of weavers, by linking producers and exporters more effectively to overseas buyers. CEDEP I will also deepen some of the village-based interventions that proved highly successful, with a view to increasing quantity and quality of the silk products. These interventions include the creation of purchasing units, dyeing centres, centralized warp preparation units, and village-based training workshops to help weavers develop new design and translate those into new finished products.

12 The “Project de Relance de la Soie dans le Nord Ouest du Cambodge” (PRESNOC) was implemented between 1995 and 2001 with a total budget of €1.96 million. The “Projet d’Appui au Secteur de la Soie” (PASS), in an amount of €3.06 million, was implemented between 2002-2005.
13 Phase I provided US$677,000 worth of support. The budget of Phase II was US$815,000.
More recently, FAO has started providing important support to sericulture focusing mainly on sericulture (covering issues such as silkworm egg production, disease control, mulberry tree planting, etc). Finally, a small project funded by the Belgian Government that started in mid 2011 will help to strengthen production capacity of the local silk yarn in Phnom Srok.

II.3 Status of Sectors Targeted by the Proposal

**Milled Rice:** Rice exports are one of Cambodia’s success stories of the past ten years. Production of paddy rice has increased from approximately 4.5 million Metric Tons (MT) during the 2004 harvest to 7.9 million MT during 2010. Predictions for 2011 were for 8.2 million MT.

As a result of this impressive growth, Cambodia now exports more than 2 million MT of paddy rice. Most of this is exported “informally” to Vietnam and Thailand where it is milled and re-exported. Even more interesting is the rapid growth in the export of milled rice. From nearly no exports of milled rice three years ago, statistics of the Ministry of Commerce based on Certificate of Origins issued suggest that 52,650 MT of milled rice with an estimated value of $35 million were exported in 2010. For the first eleven months of 2011, Certificates of Origins have been issued for 146,070 MT.\(^{14}\)

The push in the direction of export of milled rice is in line with the Rice Policy adopted by the Government in July 2010. It is consistent with the notion that Cambodia should gain a much greater share of value added from the value chain. To achieve the 1 million MT target identified in the Rice Policy will require solving a number of challenges, including but not limited to:

- Improving the productivity and quality of paddy
- Increasing rice milling capacity that meets international standards. Current milling capacity able to meet international standards is approximately 250,000 MT/year;
- Lowering milling costs, including energy costs
- Lowering trade facilitation costs, especially inland transportation costs. Current inland transportation cost is about $15/MT/100km compared to $7.5 in Vietnam and $4 in Thailand;
- Coordinating the response of all stakeholders including Government, Private Sector and Development Partners;
- Developing new overseas market contacts and contracts. Under EU EBA and Russia’s favourable GSP, Cambodian exporters have made major inroads in those markets. However, due to size of the EU market and competition, Cambodian exporters may not be able to sell above and beyond an 100,000MT/year ceiling in EU;

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\(^{14}\) CamControl data.
• Meeting international market standards – in term of specification and in term of SPS;
• Increasing access to working capital for rice millers to secure paddy inputs. The Ministry of Commerce recently estimated that exporting 1 million MT might require $500 million worth of financing (working capital and investment) per year for buying, processing and exporting. Current financing available for rice from Cambodian commercial banks is approximately $300 million.15

For a more detailed view of sector needs, see the Text Table below. The Text Table is a summary of the detailed Action Plan included in the Rice Policy adopted by the Government in July 2010.

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15 “Weak Spots Seen in Kingdom Trade”, Phnom Penh Post, November 8, 2011, page 7
Table: RGC’s July 2010 Rice Policy at a Glance

<table>
<thead>
<tr>
<th>Main Issues (Selected Policy Measures)</th>
<th>Responsible Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rice Production</strong></td>
<td></td>
</tr>
<tr>
<td>Quick-Wins</td>
<td>MEF, MAFF</td>
</tr>
<tr>
<td>Increase productivity by using high-yield seeds and modern production techniques (facilitate import of seeds and fertilizers, strengthen domestic seed production, review Ag. extension services, etc.)</td>
<td></td>
</tr>
<tr>
<td>Continue to expand irrigation (strengthen small scale irrigation schemes, irrigation maintenance, etc.)</td>
<td>MoWRAM, relevant ministries</td>
</tr>
<tr>
<td>Maintain rural road, develop rural feeder network</td>
<td>MRD, relevant ministries</td>
</tr>
<tr>
<td>Promote micro-credit</td>
<td>MEF, NBC</td>
</tr>
<tr>
<td>Medium/Long Term</td>
<td>MoWRAM, MAFF</td>
</tr>
<tr>
<td>Improve productivity and crop intensification (long term water management plan, rehab of Ag. stations and centers, R&amp;D, etc.)</td>
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</tr>
<tr>
<td>Implement national policy for rural electrification</td>
<td>MIME, relevant ministries</td>
</tr>
<tr>
<td>Establish and strengthen capacity of farmer organizations</td>
<td>MAFF, relevant ministries</td>
</tr>
<tr>
<td>Promote and implement policy on sustainable use of Ag. land</td>
<td>MLMUPC, MAFF, MoP, relevant ministries</td>
</tr>
<tr>
<td><strong>Paddy Rice Collection and Processing</strong></td>
<td></td>
</tr>
<tr>
<td>Quick-Wins</td>
<td>CDC, MEF, relevant ministries</td>
</tr>
<tr>
<td>Encourage Private Sector participation in paddy production and processing (continue implementation of law on investment; improve as needed)</td>
<td></td>
</tr>
<tr>
<td>Improve financing paddy collection (recapitalize RDB with additional $7 million; double ADSF capital from $18 million to $36 million; develop Credit Guarantee Scheme to guarantee loans from commercial banks to rice sector; set up Risk Sharing Facility for commercial banks to lend for Ag. processing)</td>
<td>MEF, NBC</td>
</tr>
<tr>
<td>Provide treatment to Rice Miller Association similar to that extended to GMAC</td>
<td>RGC</td>
</tr>
<tr>
<td>Medium/Long Term</td>
<td>MEF, MoC, NBC</td>
</tr>
<tr>
<td>Create new financial instruments and leverage existing financing mechanisms (implement laws on secured transactions and financial leasing; develop credit information; consider creation of Ag. Development Bank)</td>
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<tr>
<td>Develop “Open Paddy Market” (develop contract farming, promote market-driven rice production, paddy-based collateral loans)</td>
<td>MAFF, relevant ministries</td>
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<tr>
<td>Lower electricity price and extend coverage (accelerate diversification of rural energy sources, improve EDC management, etc.)</td>
<td>MIME, EAC, EDC</td>
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<tr>
<td>Logistics</td>
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<tr>
<td><strong>Quick-Wins</strong></td>
<td>Enhance trade facilitation, reduce informal fees, eliminate illegal check points (extend ‘special treatment’ similar to garment sector)</td>
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<td></td>
<td>Implement single-stop service for export processing (for issuance of SPS certificate, fumigation, grading and quality, weights and measures, customs declaration)</td>
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<tr>
<td></td>
<td>Address grading and quality standards in compliance with internationally-recognized standards (define standards, create internationally accredited certifying body or encourage independent international institutions, etc.)</td>
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<td></td>
<td>Encourage construction of bonded warehouse at PP port</td>
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<tr>
<td><strong>Medium/Long Term</strong></td>
<td>Formulate strategic and legal framework with emphasis on SPS (law on SPS, related Anukrets and Prakas, establish clear division of responsibilities among line ministries, strengthen human and institutional resources, etc.)</td>
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<tr>
<td></td>
<td>Invest in infrastructure to reduce costs of exports (eg. accelerate renovation of Poipet-PP and PP-Sihanoukville railways, etc.)</td>
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<tr>
<td></td>
<td>Facilitate financing for export (consider establishing export-import bank)</td>
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<tr>
<td></td>
<td>Facilitate financing for infrastructure development</td>
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</tbody>
</table>

**Marketing**

| Quick-Wins | Explore export opportunities in regional and global markets (studies of potential import markets, lead mission to potential markets, explore Philippines, Indonesia, Brunei, etc.) | MoC, MFAIC |
|           | Explore establishing rice market intelligence unit | MoC, MAFF, Private Sector |
|           | Strengthen domestic market information sharing and monitoring | MoC, MAFF, MoWRAM, MRD |
| **Medium/Long Term** | Prepare strategic plan for Cambodia’s rice sector to compete in regional and global markets (define objectives, identify markets, negotiate bilateral agreements, etc.) | MoC, MFAIC, relevant ministries |

Source: Based on *Policy Paper on the Promotion of Paddy Production and Rice Export*, Council of Ministers, July 25, 2010
For more information on the rice value chain, the reader can also consult Chapter 4 in *Trade Sector Development and Aid for Trade in Cambodia* as well as *Rice Sector Profile and Strategy*.\(^{16}\)

The proposed Rice component of the proposal will focus on a few of those constraints, especially but not exclusively those captured under the fourth main section of the Rice Policy’s Action Plan, namely “Marketing,” knowing that others will be addressed or are being addressed under assistance from other development partners.

In particular, the component will focus on:

- Coordinating rice exporters themselves and their dialogue with the Government;
- Working with a group of exporters or export-ready millers to develop new overseas export opportunities;\(^{17}\)
- Assisting a group of exporters or export-ready millers to meet HACCP standards demanded by the international market;
- Helping exporters clinch and execute contracts by meeting quantities, price, and quality demanded by international buyers, including through meeting SPS and other standards and developing a Cambodian fragrant rice branding;

Rice millers and re-processors will be selected based on criteria developed by IFC and its Food Safety consulting firm. IFC will work with (1) a group of medium-sized Rice Mills through a “Pre-Requisite” program focusing on introduction of GHP (Good Hygiene Practices) and GMP (Good Manufacturing Practices) and (2) a group of larger, export oriented rice millers and re-processors through a certification program focusing on the introduction of more advanced food safety systems such as HACCP (Hazard Analysis Critical Control Point) and ISO 22000 (ISO Food Safety Management System) and on the acquisition of internationally-recognized certification at the mills level. In both cases, the aim is to enhance the awareness and capacity of millers to implement food safety management systems that meet the demand of international markets.

These are among some of the key areas identified for Action in the original 2010 Policy as well as in the just-released review of the implementation of the Policy prepared by SNEC, including the “Additional Measures” included in Annex 5 to the Review.\(^{18}\)

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\(^{17}\) One of the very first outputs for both The Milled Rice Component as well as the High Value Silk Component will be the preparation of export potential analyses to help identify possible target markets. Proper identification of potential export markets requires a fair amount of analysis of trade information data and country specific market analyses. Target markets for both sectors cannot be assumed to be known until such work has been carried out.
**High Value Silk:** Cambodia was once a significant producer of silk yarn. During the 1950s, Cambodia produced as much as 50 MT of yarn per year. Today’s domestic sericulture production is far smaller: about 5 MT of yarn per year, produced by 1300 breeders with approximately 160 ha of mulberry trees. Expanding direct production of yarn is needed but is a long term challenge that may take many years and will be influenced in part by issues of land titling and international market prices.

While domestic production of mulberry and silk yarn is centered mostly in the North West of the country, weaving is based primarily in the South and some in the North. Weaving, with approximately 20,000 silk weavers, constitutes, by far, the most important part of the Cambodian silk sector. The large majority of weavers are women in rural areas who carry out their craft on a part-time basis.

Total annual consumption of silk yarn by weavers is estimated at 400 tons. Given limited domestic production, most yarn consumed by weavers is imported, mainly from Vietnam. Most imports are largely informal, resulting in inconsistent quality and making traceability for purpose of exports of finished products difficult, if not impossible.

Thanks to a favorable business environment, as well as the growing number of tourist arrivals, the Cambodian silk sector has witnessed the emergence of a group of dynamic enterprises that are either already engaged in foreign trade or about to enter export markets. However, most of these fledgling businesses lack market knowledge. Further, to tap the full potential of tourism and international trade, producers and exporters need to upgrade their skills in the areas of product design and product development.

Exports (including direct export sales or sales to international visitors) have been gaining strength in recent years, amounting to 30% of sales according to some estimates. Exports are an extremely important segment of the market, as they feed product changes and innovation and are expected to grow significantly in the near future.

Still, product development and organized exports are still at an early stage of development but show good opportunities – especially when compared to success stories in neighboring countries such as Thailand, Vietnam or Laos – provided the Cambodian Silk Sector develops a clear image and identifies some clear market niches both for international exports and for sales to international visitors/tourists.

The Silk component in this proposal will focus on the weaving sector and downstream activities of the value chain, specifically marketing and export promotion. In particular, the component will focus on:

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• Developing overseas markets for a selected group of export-ready or exporting silk producers and their respective production networks of female weavers in rural villages;¹⁹
• Strengthening the ability of those same exporters, and their network of weavers, to meet product design and quality demanded by those markets;
• Establishing transparent and consistent channels for direct souring of quality yarn by exporters and their networks of weavers to remedy possible quality problems and facilitate the issuance of COs for export of Cambodian silk products;
• Formulating a Silk Sector Export Strategy and an Action Plan to help the sector position and market high-value Cambodian silk strategically;
• Developing a mechanism to organize the stakeholders in the sector – the Silk Board – responsible for implementing a sector strategy in a coordinated and effective manner.

Support provided under this project will be market-oriented. In addition to strengthening market penetration by exporters and export ready businesses in existing and new target markets, the project will identify opportunities for strengthening linkages between exporters and their networks of silk weavers in order to encourage product development and innovation. The project will also aim at fostering horizontal cooperation among weavers, for instance through the creation of purchasing units, dyeing centres, etc, and strengthening vertical integration between weavers and exporters in order to improve quality and consistency in production. Purchasing units, saving clubs, and dyeing centres, operated directly by weavers, are expected to enhance the independence of weavers, increase their number, as well as strengthen their negotiating power.

To identify potential beneficiary exporters an assessment will be carried out at the outset of the project. The firms that will benefit from assistance will be selected based to the following criteria:

• Annual turnover of less than US$1 million.
• Previous export experience or demonstrated export-readiness (exceptions may include firms that focus exclusively on the tourism market)
• Critical level of productive capacity (i.e. volume, quality) to meet buyer requirements
• Commitment and ability to invest own resources to meet the cost-sharing criteria required to participate in overseas trade fairs, trade mission etc.
• Transparent and fair arrangements (labor, income, etc) with their respective network of silk weaving communities

This small project will not provide direct support to domestic sericulture. This would require far greater resources than could be raised under Tier 2 and a much longer term development strategy (Tier 2 has a relatively short-term, three-year horizon.) In addition, experience from previous technical assistance projects has shown that such technical assistance cannot be sustained without considerable support and vision from the government. Nevertheless, sericulture will be

¹⁹ For identification of potential export markets for silk products, see comment in footnote 16 above.
clearly addressed in the formulation of the silk sector strategy which will encompass all stages of the silk value chain. In particular, the silk sector strategy is expected to provide strategic guidance -- including an investment strategy -- for the government to rehabilitate the domestic production of silk yarn.

Overall, the redevelopment of the silk sector in Cambodia has been mostly a private sector and donor driven effort. Earlier attempts to drive the sector principally through private sector initiatives such as the Cambodia Silk Forum or the CraftNetwork-Cambodia, while helpful, have shown limitations. Whenever the silk sector has attracted technical assistance from development partners, donor support has been somewhat fragmented, in part due to the lack of a common vision and development strategy.

Going forward, further development of the Cambodian silk value chain requires a stronger and more explicit engagement of the Government in setting out a road map and a policy framework for the sector to enable growth and expansion. Accordingly, an appropriate mechanism for a public-private partnership among sector stakeholders is needed to ensure the success of the policy and development roadmap. A key recommendation of the external mid-term evaluation of the New Zealand-funded project was the creation of an institutional mechanism to foster national ownership to support the development of the sector. This view is now shared by sector stakeholders, both public and private. The 2005 *Sector-wide Strategy for the Cambodian Silk Sector* provides a useful starting point for updating and re-launching an inclusive sector strategy.20

The foundations for establishing such an institutional mechanism have been addressed during the current phase of the New Zealand-funded project. A roadmap for the creation of a *National Silk Board* has been developed following broad-based consultations with the private sector and government representatives of line ministries. The proposed National Silk Board is expected to consolidate progress accomplished thus far and to provide impetus and ideas on ways in which the Government can develop a supportive and enabling environment to accelerate the development of the sector. Under CEDEP I, the National Silk Board is expected to become the owner of an updated sector strategy, jointly formulated by the key stakeholders. The Silk component in CEDEP is also intended to provide technical assistance to the National Silk Board at an early stage, to strengthen its operations and build its capacity to prioritize and implement new silk sector initiatives.

**Program Evaluation Function**: An important objective of Trade Mainstreaming is to enable Government to take a stronger leadership in the management of Aid for Trade so that it can better support implementation of its trade policy objectives through better focused technical assistance.

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So far, a major focus of capacity building by the Government under its Trade SWAp has been to increase the ability of the MoC and other line ministries to formulate and implement technical assistance projects. Such capacity building has taken place under a variety of support including the earlier TRADE project and the current TDSP and EIF Tier 1. TDSP and EIF Tier 1 are also seeking to strengthen the capacity of the NIU to monitor individual project delivery and results.

While the current efforts are critical, the Government also recognizes that management of Aid for Trade requires a different set of skills focusing on evaluating progress against the overall TRADE SWAp program and evaluating impacts and results.

By decentralizing the implementation of the two sector components away from the NIU, this Tier 2 proposal will also create a space within which the NIU can further learn how to evaluate results and impacts of projects that are implemented at arm length and report about such to the Trade SWAp Governing Structure.

This proposed component will focus on developing the NIU’s capacity in two areas:

- Lead the evaluation of results and impacts of AfT projects through organizing and coordinating independent evaluations;
- Disseminate results and impacts of arm-length projects to the Trade SWAp Governing Structure and to the broader community of Cambodian beneficiaries.

**III. PROPOSAL DESCRIPTION**

**III.1 Impacts and Outcomes**

The proposal has three distinct components. Impacts and Outcomes are presented for each in the paragraphs that follows.

**Milled Rice:**

The milled rice component of the proposal will target two main development impacts:

- Rice being the largest employment sector of the Cambodian economy, development of milled rice exports will have a positive impact on poverty reduction, especially through income growth in many regions of the country. Development of the sector supports Cambodia’s efforts to meet its MDGs;
- The competitiveness of Cambodian rice exports is increased, resulting in better earnings of rice millers and farmers in the milled rice supply chain, led by its higher value fragrant rice segment.
As explained in section I.10 above, those two key impacts are consistent with the five goals pursued under Cambodia’s Trade SWAp.

The milled rice component of the proposal will target three main outcomes:

Milled Rice export sector component will focus on three main outcomes:

- The Enabling Environment for the Cambodian Private Sector to meet the Government’s targets for Milled Rice exports is enhanced and sustained through the creation of an Association of Rice Exporters and enhanced G-PS dialogue on Rice exports in G-PSF or other venues;
- Cambodian Rice Millers are successful in identifying several new major import market opportunities (in addition to EU and Russia) and signing contracts in at least three new markets;
- Cambodian Rice Millers are successful completing export contracts in the three targeted markets by meeting quantities, quality, and price requested by importers, especially with respect to fragrant rice, which is developed as the leading Cambodian rice brand, and meeting SPS standards requested by importers;\(^\text{21}\)

The first outcome is consistent with Objective 2 of Trade SWAp Pillar 2. The second and third outcomes are consistent with Objective 3 of Trade SWAp Pillar 2.

**High Value Silk:**

The high value silk component of the proposal will target two main development impacts:

- Increased competitiveness of the silk export sectors will have a positive impact on poverty reduction through employment creation and income growth, especially among women. Development of the sector will support Cambodia’s efforts to meet its MDGs.
- The focus on high value silk exports will contribute to developing Cambodia’s image of an economy that can compete not only on price but also on quality.

As explained in section I.10 above, those two key impacts are consistent with the five goals pursued under Cambodia’s Trade SWAp.

The high value silk component of the proposal will target three main outcomes:

- To increase export sales of handmade high value silk products by 8 to 12 Cambodian silk exporters to up to 5 selected importing markets and to international visitors, and to

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\(^{21}\) Strengthening the capacity of Rice Millers to export rice that meets SPS standards requirements of importing markets is a critical dimension of the competitiveness of Cambodian exporters. This dimension is also identified in the Kees van der Meer and Laura L. Ignacio, *SPS Balance Sheet for Cambodia: Strengthening links between Supply and Demand of SPS-related Technical Assistance in a Sub-Group of ASEAN Countries (Stage 2)*, STDF, undated.
strengthen their production networks composed of approximately 1200 to 1500 female weavers in rural villages;

- To ensure that improved quality and product design of handmade Cambodian silk products meet market demand requirements for targeted export markets and international visitors;
- To ensure that public and private stakeholders jointly articulate and manage strategic priorities and initiatives, including gender-focused initiatives, to increase competitiveness and exports of the silk sector and to create a sustainable and country-led institutional mechanism, the National Silk Board. The National Silk Board will consolidate progress accomplished under the project as well as implement and monitor new sector-wide initiatives.

The first and second outcomes are consistent with Objective 3 of Trade SWAp Pillar 2. The third outcome is consistent with Objective 2 of Trade SWAp Pillar 2.

**Program Evaluation Function**

The program monitoring function targets one main development impact, namely:

- Enhancing the Government’s ability to lead and drive its Aid for Trade as a means to strengthen the effectiveness of the mainstreaming of Trade in its development policies and the development of its institutions

This is consistent with Cambodia’s Trade SWAp Goal #5.

This component will focus on two main outcomes:

- Strengthening the capacity of the NIU to organize the evaluation of results and impacts
- Strengthening the capacity of the NIU to disseminate results and impacts

**III.2 Outputs and Activities**

The outputs and indicative activities proposed to arrive at the individual outcomes of the three components of the proposal are shown in details in the Logical Frameworks presented in details Section VI below. They are summarized below.
### Milled Rice

<table>
<thead>
<tr>
<th><strong>Outcome #1</strong>: The Enabling Environment for the Cambodian Private Sector to meet the Government’s targets for Milled Rice exports is enhanced and sustained through the creation of an Association of Rice Exporters and enhanced G-PS dialogue on Rice exports in G-PSF or other venues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1</strong>: Technical working groups are organized among rice millers and exporters as a precursor to the association</td>
</tr>
<tr>
<td><strong>Output 2</strong>: Updated mapping of milled rice value chain (based on mapping in Rice Policy)</td>
</tr>
<tr>
<td><strong>Output 3</strong>: Functioning association is created and registered – Cambodian Rice Exporters Association (CREA)</td>
</tr>
<tr>
<td><strong>Output 4</strong>: Mechanism(s) for regular consultation between Government and Rice exporters on milled rice exports is(are) established through G-PSF or other venue and utilized</td>
</tr>
</tbody>
</table>

**Indicative Activities:**
- Convene meetings with exporters to identify issues in areas of Trade Facilitation, Export Financing, Compliance (Quality Management), Production Technology and Rice Supply, and the design of a Cambodian fragrant rice brand image. These meetings lead to formation of Technical Working Groups
- Consultation mechanisms identified and agreed among exporters and government lead agencies
- Mapping of Rice Export Value Chain (focus on trade facilitation element) is updated with inputs from exporters and rice millers
- Annual review/update of Value Chain
- Legal/administrative assistance to register the association
- Consultative meeting with Thai Rice Exporters Association, possibly through a country visit
- Baseline information compiled

**Cambodian Exporters Association website designed**

<table>
<thead>
<tr>
<th><strong>Outcome #2</strong>: Cambodian Rice Millers are successful in identifying several new major import market opportunities (in addition to EU and Russia) and signing contracts in at least three new markets.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1</strong>: Market Potential Analyses/Trade information developed for five new markets</td>
</tr>
<tr>
<td><strong>Output 2</strong>: Manual on export procedures/ trade facilitation issues for milled rice produced</td>
</tr>
<tr>
<td><strong>Output 3</strong>: Manual on SPS standards and certification requirements for milled rice produced</td>
</tr>
<tr>
<td><strong>Output 4</strong>: Develop and publish Cambodian Rice Portfolio Catalogue</td>
</tr>
<tr>
<td><strong>Output 5</strong>: Three new potential markets have been visited by groups of export-ready and exporting rice millers</td>
</tr>
<tr>
<td><strong>Output 6</strong>: Export-ready and exporting rice millers have participated to 4 key rice trade fairs and buyer-seller meetings (actual timing depends on event calendar)</td>
</tr>
</tbody>
</table>

**Indicative Activities:**
- Create an event calendar (rice trade fairs and related fairs, national, regional, international)
- Update baseline information including list of international buyers/investors interested in Cambodian rice
- Market research on attributes of Cambodian fragrant rice (domestically, as well as perception of current international buyers)
- Update Cambodian Rice Export Potential Assessment at HS 6 level and HS 8 for aromatics
  - Current markets vs. potential markets
  - Trade flows, including competitors trade flows
  - Market access conditions
  - Nature of demand - parboiled, aromatic, organic, brown
- Workshop on market research, identification of market opportunities and Identification of sources of information and networks, including overseas Government representatives (trade information and promotion channels)
- Workshop with capacity training on the use of on-line Market Analysis Tools
  - Select 5 new (out of the top ten) milled rice importers in the world (ITC’s trade maps)
  - Analyze trade-flows and competition
- Workshops with exporters on preparing for market prospecting and participation to trade fairs, (one workshop before each mission but can be reduced to round table briefing meetings)
- Debriefing workshops after each market visit, each participation in trade fairs
- Preparation/briefing meetings to no less than 9 (better 12 = 4x/year) Cambodian participations in trade fairs:
  Timing and number depends on actual event calendar
- Training workshops:
  - Contracts and negotiations, international trade laws, settlement of claims, arbitration
  - Export packaging and labelling, product adaptation, branding
  - Costing, positioning, pricing
  - Purchasing and supply management
- Manual on trade facilitation produced by TWG and translated into Khmer
- Cambodian rice product portfolio agreed upon and published by the Association’s Working Groups
- 9 Market prospecting missions to target markets (elaborated during Market Analysis workshop)
- Round table meetings with visiting international buyers/rice traders

**Outcome #3:** Cambodian Rice Millers are successful completing export contracts in the three targeted markets by meeting quantities, quality, and price requested by importers, especially with respect to fragrant rice which is developed as the leading Cambodian rice brand and meeting SPS standards requested by importers.

**Output 1:** Establish a Cambodian fragrant rice brand for an export quality type of milled fragrant rice competing with Thai fragrant rice and responding to expectations of import markets[^22]

**Output 2:** Promote Cambodian fragrant rice brand

**Output 3:** 8 Rice Millers are supported to become HACCP certified

**Indicative Activities:**
- A promotional concept and standard flyer and poster for a Cambodian fragrant rice identity is created (note: fragrance in Cambodian perception is linked to Rumdul or Romdul, Mitrella Mesnyi, national flower)
- Recruit consultant for above to work with Association’s working group
- Poster is distributed to prominent locations in Cambodia frequented by visitors (airports, hotels, tourism offices)
- Market visits under outcome #2, outputs #5 and #6
- Promote brand through Cambodian booth at Trade fairs (rice, tourism, food, hospitality)
- Factual information on Cambodian rice and rice exporters and promotional material is disseminated to all Cambodian Embassies’ Commercial sections abroad, trade promotion offices, tourism organisations etc.
- Press conferences
- Exporters adopt the Cambodian fragrant rice brand/logo and display it together with their individual brands.
- Exporters use Cambodian brand in association with their product lists and invoices
- Cambodian Rice Exporters Association (CREA) Website promotes Cambodian Rice
- CREA sets aside advertising budget for Cambodian rice
- Presentations to expose millers to new export enhancing products/technologies such as extrusion of broken rice and fortified rice (e.g. NutriRice)
- Group training on HACCP organized for selected group of rice millers
- On-site training for HACCP organized in 8 rice millers/exporters
- 8 rice millers’ application for HACCP certification supported

[^22]: Possible synergies are being explored between this effort and MoC’s Department of Intellectual Property Rights’ early efforts to create a collective mark for Cambodian Rice. In addition, rice exporters involved in CEDEP I will also work with the Institute of Standards of Cambodia (ISC) to support the development of rice standards. ISC is receiving support from TDSP in this area.
## High Value Silk

### Outcome #1: Market Development

<table>
<thead>
<tr>
<th>Output 1.1: Export potential and key export markets for high value silk products identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1.2: Marketing capacities of selected exporters strengthened and export marketing strategies elaborated</td>
</tr>
<tr>
<td>Output 1.3: Exporters actively investigate foreign markets</td>
</tr>
</tbody>
</table>

#### Indicative Activities:

**Output 1.1**
- Develop an assessment methodology to measure performance of the sector (e.g. company surveys disaggregated by men and women, statistical analysis) including current export volumes;
- Streamline HS-reporting for silk export transactions (in cooperation with the General Department of Customs and Excise);
- Assess productive capacities of the sector for both silk production and processing (e.g. gender sensitive value chain analysis, existing production outputs, product range, prices and quality aspects), as well as contribution of the sector to employment, income generation and economic empowerment of women and establish baselines disaggregated by gender for project indicators;
- Assess market trends and conduct import market study identifying export potential and niche markets (including buyer characteristic, purchasing requirements and distribution channels) for high value silk products taking into account competition from other silk producing countries (e.g. China, Vietnam, Laos etc);
- Define 5 key export markets for Cambodian high value silk products;
- Select 8-12 exporters or export-ready enterprises according to defined selection criteria as primary beneficiaries of project assistance. Gender-sensitive ownership of the exporting companies will be taken into account in the selection in order to support women owned enterprise in moving up the value chain;
- Disseminate findings among main key stakeholders in national seminar and through web-based information channels.

**Output 1.2**
- Assist selected companies to elaborate export plans towards target markets based on the findings of the export potential assessment (Output 1.1);
- Train companies on market access criteria and distribution channels in target markets;
- Organize workshops for selected exporters to improve awareness of buyer requirements as well as other priority areas such as contracting, costing and pricing and provide customized advice to improve communication and export order handling (e.g. Incoterms, buying cycles, sampling);
- Provide customized support to develop/improve promotional marketing material and tools for selected companies (corporate brand image, product catalogues, websites).

**Output 1.3**
- Organize training workshops and provide customized support on how to prepare for trade fairs and on how to undertake marketing missions;
- Identify relevant trade fairs and support participation of selected exporters in (2-3) international trade fairs according to identified export markets (e.g. Lifestyle Vietnam, M&O, Ambiente, Bangkok Fair). Whenever possible support trade fair participation (booth rental, promotional material, transport accommodation) based on cost-sharing principles with beneficiaries;
- Identify prospective buyers in target markets and facilitate match-making;
- Organize 1-2 buyer-seller meeting and marketing mission to prospective buyers in target markets (to be organized back to back with trade fair participation);
- Facilitate buyer visits to selected exporters;
- Facilitate the establishment of new sales outlets in Phnom Penh (hotels etc) targeting international visitors;
- Facilitate PPPs with tour operators/hotels to bring tourist to village-based weaving sites and showrooms of exporters and conduct other commercial and promotional activities;
- Analyze lessons learned and experiences made (trade fair participation, buyer-sellers meetings, PPPs), revise the approach and arrangements, if necessary, and organize follow-up activities accordingly;
- Conduct dissemination workshops to share experiences and lessons learned with silk companies that are not
directly supported by the project activities, especially women owned companies with a view to improving their position in the silk sector value chain

<table>
<thead>
<tr>
<th>Outcome #2: Product Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 2.1:</strong> Skills of male and female exporters in product innovation and design development strengthened</td>
</tr>
<tr>
<td><strong>Output 2.2:</strong> Improved vertical integration of silk value chain and enhanced technical skills of weaving communities to enable production of high quality silk products in larger quantities</td>
</tr>
<tr>
<td><strong>Output 2.3:</strong> Quality and traceability of silk yarn imports ensure</td>
</tr>
</tbody>
</table>

**Indicative Activities:**

*Output 2.1*
- Assess company-specific supply-side capacities including resources available for product design and development and establish project baselines
- Conduct a general training course on contemporary trends on fashion design (e.g. color palettes, patterns, silhouettes)
- Train selected companies on product design and development including the business perspective of product design
- Conduct one study tour for designers to relevant fashion schools and buyers (to be combined with sales mission)
- Support companies to identify product range and collection for target markets and assist in creating a schedule for the creation of the collection
- Provide customized advisory support to selected companies to develop new product designs and collections
- Monitor the development of new designs and products and provide follow-up support as needed

*Output 2.2*
- Identify weaving communities with competitive advantage to serve export markets
- Assess existing weaving and dyeing techniques/methods and identify priority areas to increase production efficiency and quality improvements
- Provide technical training on silk weaving techniques to master weavers and on dyeing methods (AZO free and natural dyes) in order to respond to buyer requirements for new designs and product patterns and to improve production efficiency
- Facilitate linkage building between exporters and weaver groups (vertical integration) to increase ability to meet demand requirements in terms of quality and quantity
- Ensure quality requirements by preparing/disseminating “spec cards” in cooperation with weavers’ association
- Strengthen horizontal cooperation among weaver communities to increase ability to produce large quantities of consistent quality products
- End of project survey among village-based weavers to assess changes in sales and income

*Output 2.3*
- Conduct study on silk yarn sourcing indentifying suitable import markets based on cost and quality criteria and establish baseline for yarn imports
- National silk supply directory updated and published
- Facilitate bulk purchasing of silk yarn imports (i.e. Chinese silk yarn)
- Support purchasing units to source raw materials

<table>
<thead>
<tr>
<th>Outcome #3: Silk Sector Coordination and Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 3.1:</strong> Silk Board and Silk Secretariat have been created. Working groups of stakeholders have been formed around key silk sector development issues</td>
</tr>
<tr>
<td><strong>Output 3.2:</strong> Silk Sector Strategy and Plan of Action incorporating gender related considerations developed with stakeholders</td>
</tr>
<tr>
<td><strong>Output 3.3:</strong> Effective implementation management and monitoring framework established</td>
</tr>
</tbody>
</table>

**Indicative Activities:**

*Output 3.1*
- Organize working group meetings with key sector stakeholders (i.e. Silk Board Working Group, Trade SWAp Silk Task Force) to facilitate establishment of the Silk Board and Silk Board Secretariat

*Output 3.2*
- Disseminate results of market assessment, (carried out under Output 1.1) with sector stakeholders to examine
challenges, market-orientated options and potential solutions
- Organize inclusive participatory workshops following ITC’s export strategy methodology with sector
  stakeholders from all stages of value chains, including women
- Formulate in cooperation with the Silk Board and Silk Board Secretariat the Sector Strategy incorporating the
  gender dimension
- Produce a detailed and prioritized Plan of Action specifying activities, targets, assigning responsibilities and
  resources required for implementation

Output 3.3
- Develop jointly with key stakeholders an implementation framework for the strategy action plan
- Provide training to staff of the Silk Board Secretariat on developing implementation initiatives,
  implementation management and monitoring results
- Provide assistance in monitoring progress and measuring results of strategy implementation
- Organize roundtable meetings with stakeholders concerned to review and adjust the Strategy and Action Plan
  as appropriate in cooperation with the National Silk Board during the remaining period of the project

Program Evaluation Function

| **Outcome #1:** Strengthen the NIU’s capacity to monitor and evaluate progress made under Trade SWAp,
  including evaluating impacts and results of technical assistance |
| **Output #1:** A mid-term **independent** evaluation of CEDEP-I is organized and carried out |

**Indicative Activities:**
- ToRs for independent mid-term evaluation team developed
- Mid-term evaluation team identified and recruited (one international, one national)
- Draft report of mid-term evaluation team reviewed and commented
- Final mid-term report received
- ToRs for independent final evaluation team developed
- Final evaluation team identified and recruited (two international, two national – one international expert
  for each product sector)
- Draft report of final evaluation team reviewed and commented
- Final evaluation report received

| **Outcome #2:** Strengthening the NIU’s capacity to disseminate progress and results of technical assistance under
  Trade SWAp |
| **Output #1:** Findings of project results and impacts are explained and disseminated once a year through five
  regional workshops |
| **Output #2:** Findings from evaluations (mid-term and final) are published and disseminated within Cambodia and
  to the international community |

**Indicative Activities:**
- Presentations prepared in Khmer for dissemination workshops
- 5x3=15 regional workshops organized and held for disseminating monitoring results and evaluation
  reports
- Exec Summaries of mid-term and final evaluations reports translated into Khmer
- NIU to report on mid-term and final evaluation to S-SC (NSC)
- Evaluation reports uploaded to website
- Final evaluation report published and printed
- Event for national and international audience organized in PP to disseminate final evaluation
III.3 Preparation of EIF Tier 2 Proposal Process

The process associated with the preparation of this proposal is presented in details in the 23 steps of the “Work Plan for the Design, Development, and Submission of Cambodia EIF Tier 2 – CEDEP I” included in Annex 2. It has been developed by Cambodia’s EIF NIU. It is born, in part, from the lessons learned by the NIU from the experience of the preparation of EIF Tier 1. In summary:

- An international consultant was recruited by the EIF Executive Secretariat at the request of Cambodia’s Ministry of Commerce to work closely with the Ministry and other Cambodian Stakeholders to prepare a Tier 2 proposal in early November 2011
- In advance of the recruitment, the NIU organized a consultation with Cambodian stakeholders
- A second workshop was organized in mid November 2011 by the NIU during the mission of the international consultant to consult with Cambodian stakeholders
- Consultations with UNDP, as Donor Facilitators, as well as with country-based DPs was organized by the NIU during the mission of the international consultant
- The Sr. Minister, Minister of Commerce, was fully appraised by the NIU and the international consultant during his mission
- In the case of the Rice Sector, the Consultant met with the Chairman of Supreme National Economic Council (SNEC.) The Chairman, with support from SNEC was responsible for developing the RGC’s 2010 rice sector policy under instructions from the Prime Minister. The Consultant appraised the Chairman of the planned focus of the Milled Rice component under Cambodia Tier 2 CEDEP I proposal for his feedback and guidance
- A preliminary draft was prepared by the Consultant during his mission and delivered upon departure on November 26, 2011
- Upon conclusion of his mission, the NIU distributed the preliminary draft to Cambodian stakeholders, DPs, IF Agencies, and the Sr. Minister for their comments and further inputs. UNDP, as DF, further consulted with other DPs
- The NIU consolidated all comments and delivered comments to the Consultant on December 5
- The Consultant incorporated comments and forwarded a revised draft to the NIU on December 8
- The EIF Focal Point reviewed and forwarded the revised draft to the EIF ES prior to or by December 10, 2011
- The revised draft was appraised by the TFM and the EIF ES in January and February. Comments from the TFM and EIF ES were shared with stakeholders and DPs for their own information and comments.
• The International Consultant returned to Cambodia during April 2012
• The EIF-ES Desk Officer carried out a mission in Phnom Penh in mid-April 2012. Extensive discussions were conducted among the EIF-ES Officer, the NIU and the International Consultant to assist with the finalization of the document.
• The appraised draft was finalized based on the TFM and EIF ES comments, the discussions held with the EIF Officer, and further inputs from the MIEs.
• The final document was endorsed by the TAC-2 on May 4, 2012
• The final document was endorsed by the Sub-Steering Committee on Trade and Trade-Related Investment (National Steering Committee) on May 17, 2012
• Upon endorsement by the TAC-2 and the National Steering Committee, the final document was signed by the Sr. Minister and Donor Facilitator and submitted to the EIF ES for formal transmission to the EIF Board

III.4 Summary Budgets

The following short table summarizes the budget requested from EIF Tier 2 and the estimated contributions by Government, the Private Sector, and the MIE counterparts for each component.

Table 1: Summary Budgets

<table>
<thead>
<tr>
<th>Components</th>
<th>Budget requested from EIF Tier 2</th>
<th>Government contribution</th>
<th>Private Sector contribution</th>
<th>In-Kind Contribution by MIE</th>
<th>Total Program Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milled Rice</td>
<td>$1,112,847</td>
<td>$408,000</td>
<td>$159,725</td>
<td>$1,680,572</td>
<td></td>
</tr>
<tr>
<td>High Value Silk</td>
<td>$1,004,347</td>
<td>$167,400</td>
<td>$178,150</td>
<td>$1,389,897</td>
<td></td>
</tr>
<tr>
<td>Evaluation Function + Core Teams</td>
<td>$290,520</td>
<td>$22,440</td>
<td></td>
<td>$312,960</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$2,407,714</td>
<td>$189,840</td>
<td>$448,000</td>
<td>$337,875</td>
<td>$3,383,429</td>
</tr>
</tbody>
</table>

The following table shows the Consolidated Summary Budget (three components combined) requested from EIF by main B/L categories. A detailed breakdown component by component is shown in Section VI.3 below.
### Table 2: Budget Request from EIF Tier 2

<table>
<thead>
<tr>
<th>Account</th>
<th>Category</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>71200</td>
<td>International experts</td>
<td>$311,378</td>
<td>$311,378</td>
<td>$311,378</td>
<td>$934,134</td>
</tr>
<tr>
<td>71300</td>
<td>Support staff</td>
<td>$131,400</td>
<td>$131,400</td>
<td>$131,400</td>
<td>$394,200</td>
</tr>
<tr>
<td>71400</td>
<td>National experts</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>71600</td>
<td>Travel &amp; missions</td>
<td>$68,340</td>
<td>$68,340</td>
<td>$68,340</td>
<td>$205,020</td>
</tr>
<tr>
<td>75700</td>
<td>Training &amp; workshops</td>
<td>$35,700</td>
<td>$35,700</td>
<td>$35,700</td>
<td>$107,100</td>
</tr>
<tr>
<td>72100</td>
<td>Subcontracts</td>
<td>$152,633</td>
<td>$152,633</td>
<td>$152,633</td>
<td>$457,900</td>
</tr>
<tr>
<td>72200</td>
<td>Equipment</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>74200</td>
<td>Operating costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>74100</td>
<td>Professional services</td>
<td>$7,833</td>
<td>$7,833</td>
<td>$7,833</td>
<td>$23,500</td>
</tr>
<tr>
<td>73100</td>
<td>Premises</td>
<td>$27,304</td>
<td>$27,304</td>
<td>$27,304</td>
<td>$81,911</td>
</tr>
<tr>
<td>74500</td>
<td>Sundries</td>
<td>$16,534</td>
<td>$16,534</td>
<td>$16,534</td>
<td>$49,602</td>
</tr>
<tr>
<td></td>
<td>MIE overhead</td>
<td>$40,449</td>
<td>$40,449</td>
<td>$40,449</td>
<td>$121,347</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$802,571</td>
<td>$802,571</td>
<td>$802,572</td>
<td>$2,407,714</td>
</tr>
</tbody>
</table>

### III.5 Sustainability Strategy

**Milled Rice:** The creation of the Association of Cambodian Rice Exporters with its own working groups is intended to be a structure through which further support can be provided by the Association to existing and new exporters. One example could be the transfer of know-how acquired during the project to the Association members. Technical areas where the Association could be active are those that are beneficial to all members and where technical and cost effective support (co-financing) is needed, such as Export Promotion (trade fair participation, match-making events with buyers, etc.), Quality Management, Food Safety Systems (HACCP/GHP & GMP certification), development of Rice Specifications, and the promotion of a Cambodian Rice Brand/Identity.

For the development of a viable and sustainable Rice Exporters Association, the project will look at different models in the region where rice exporter associations are operated and managed successfully and draw on any applicable lessons learned by them. In Thailand for example, the rice exporters association operates under independent management, covered by a mandated Board. Each member pays their membership fee based on individual export volume. The Thai association and its members also play a critical role in rice specs development and brand promotion and brand management.
A critical issue for the sustainability of the Association is to develop and offer services that the members are happy to finance through their membership fees and others that generate income through a pay-per-usage scheme.

Institutionally, the new Cambodian Rice Exporters Association will work closely with the newly created ‘Rice Working Group’ of the Government-Private Sector Forum (G-PSF). During the 16th G-PSF held November 23, 2011 in Phnom Penh, H.E. Prime Minister Hun Sen announced that a ninth Working Group would be added to the G-PSF to focus explicitly on Rice. This measure will entrench the dialogue between Government and the Rice Private Sector and will be a very strong incentive for the Rice Milling and Exporting Sectors to become better organized and to strengthen their dialogue with Government.

The G-PSF 9th Working Group can also be instrumental for the creation a strong Cambodian rice brand. The creation of a Cambodian rice brand, firmly entrenched in specifications and quality standards is intended to consolidate the market image of Cambodian (fragrant) rice. Cambodia has very positive experience with Government and Private Sector stakeholders sustaining a Sector Branding campaign, including its “Kingdom of Wonder” and “Stay another Day” branding for the tourism sector.23

**High Value Silk:** The creation of the *National Silk Board*, together with a Secretariat, is intended to create permanent structures that can take on the work and agenda developed under this CEDEP I component and any other measures or initiatives to support the development of the sector. Furthermore, the National Silk Board will ensure that public and private stakeholders work jointly towards increasing export competitiveness and expansion of the silk sector and deepening its development impact.

To ensure national ownership and institutional sustainability, the silk component under CEDEP I does not cover staffing costs and operational expenses (such as the venue, equipment, etc) that will be required to support the National Silk Board and its Secretariat. These expenses will be borne by the Government in form of in-kind contributions from the respective line Ministries and possibly other sources of Government funding. However, the Silk component under CEDEP I will provide technical advice and capacity building to facilitate the creation and effective functioning of the National Silk Board and its Secretariat, particularly at the early stage of operations. In addition, the Silk component under CEDEP I will provide backstopping and capacity-building to Secretariat members to ensure effective implementation of the strategic action points identified in the updated sector strategy.

The methodology to be used to foster sector-wide coordination and development will rely on value chain analysis and the development of a sector strategy and action matrix. The underlying philosophy of the methodology will be to transfer know-how and ownership to counterparts and

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23 IFC, which will serve as MIE for the Milled Rice component of this project (more on this below), provided advisory support to Cambodian stakeholders for those two campaigns.
stakeholders in Cambodia through training and coaching, with a strong focus on the Silk Board and Silk Board Secretariat staff.

As work progresses, the project staff for the Silk Sector component under CEDEP I will encourage counterparts, including the National Silk Board and its Secretariat, to take over a greater share of the work and provide guidance where necessary. In addition, selected Trade Support Institutions (TSIs) and sector associations will play a key role as they will need to ensure that relevant and effective trade support services are provided to high-value silk producers and exporters.

Skills developed among a selected group of high value silk product exporters in the area of export market investigation and development and product development for export markets are expected to be sustained based on the already-proven dynamism of these firms and their ability to internalize those skills through repeated hands-on experience during the project.

**Evaluation Function Component**: DICO was established as a permanent department of the Ministry of Commerce under the Ministry’s reorganization implemented in early 2008. It is expected that the M&E capacity built under this project, the EIF Tier 1, the TDSP and other donor supports will all add up to long term sustainability.

In addition, based on the experience from other TAs, the Core Teams, to be established through POCs, are one useful element in a strategy of transfer of knowledge.

**III.6 Exit Strategy**

Procurement of equipment under this project will be extremely limited. Whatever equipment might be procured in the course of the project will be transferred to the pertinent institution under each component including the Association of Rice Exporters, the Silk Board Secretariat, and DICO. Other line ministries associated with one of the three components might also be recipients of some small equipment as pertinent.

Issues with respect to the sustainability of the Rice Miller Exporter Association and the National Silk Board are discussed in the earlier section dealing with sustainability (III.5).

**IV. RISKS AND MITIGATION STRATEGY**

The following three tables describe the “Risks and Mitigation Strategies” identified for each component.

Delivery of Outputs in a Project is based on the assumption that the appropriate environment is in place to implement the activities associated with each output and that each output is feasible.
If that is not the case, then this assumes that there are risks attached to the environment of the particular output. The purpose of a “Risks and Mitigation Strategy” is to identify the nature of the risk that might surround the particular output and possible ways to mitigate or, in the best case scenario, to eliminate the risk.

**Risks and Mitigation: Milled Rice Project Component.**
(External or internal to project)

<table>
<thead>
<tr>
<th>Sector Component Project Impacts:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact #1:</strong> Rice being the largest employment sector of the Cambodian economy, development of milled rice exports will have a positive impact on poverty reduction, especially through income growth in many regions of the country. Development of the sector supports Cambodia’s efforts to meet its MDGs.</td>
</tr>
<tr>
<td><strong>Impact #2:</strong> The competitiveness of Cambodian rice exports is increased resulting in better earnings of rice millers and farmers in the milled rice supply chain, led by its higher value fragrant rice segment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome #1: The Enabling Environment for the Cambodian Private Sector to meet the Government’s Target of One Million MT of Milled Rice Exports is enhanced and sustained through the creation of an Association of Rice Exporters. Dialogue on rice exports and implementation of rice policy is enhanced in the G-PS Forum or other venues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Association of Rice Miller Exporters is not established</td>
</tr>
<tr>
<td>2. Some of the constraints and challenges to the development of the sector that need to be addressed to support the implementation of the Rice Policy are not well understood by stakeholders</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
</tbody>
</table>

**Outcome #2:** Cambodian Rice Millers are successful in identifying several new major import market opportunities (in addition to EU and Russia) and signing contracts in at least three new markets.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Price of Milled Rice falls on world market below prices at which Cambodian Rice Millers can compete</td>
<td>external</td>
</tr>
<tr>
<td>2.</td>
<td>World demand for milled rice collapses as a result of global economic crisis</td>
<td>external</td>
</tr>
<tr>
<td>3.</td>
<td>Cambodia lose preferences under EU EBA and other GSP schemes due to mishandling of Certificate of Origins</td>
<td>external</td>
</tr>
</tbody>
</table>
**Outcome #3:** Cambodian Rice Millers are successful completing export contracts in the three targeted markets by meeting quantities, quality, and price requested by importers, especially with respect to fragrant rice which is developed as the leading Cambodian rice brand and meeting SPS standards requested by importers.

<table>
<thead>
<tr>
<th></th>
<th>Events</th>
<th>Internal/External</th>
<th>Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Production of Milled Rice is affected by natural disaster such as major flood</td>
<td>external</td>
<td>Government has no ability to affect the weather</td>
</tr>
<tr>
<td>2</td>
<td>Exporters are unable to meet quantity demand of buyers</td>
<td>external</td>
<td>Mitigation strategy involves working on supply from farmers. IFC’s RSSP project is working intensively with rice millers and through them with farmers (linkages) on improving the supply side with focus on better seeds (higher yields, uniformity of crop) that together with much improved (new investments) milling technology and capacity shall mitigate this risk. Other DPs have TA in the pipeline to focus on farmers’ productivity and contractual linkages between millers and cooperatives and contract farming.</td>
</tr>
<tr>
<td>3</td>
<td>Exporters are unable to meet price demand of international buyers</td>
<td>internal/external</td>
<td>Mitigation strategy is mostly with respect to trade facilitation and milling costs. Issues related to the cost of milled rice will improve in line with ongoing private investment by rice millers and with the success of the RSSP’s work with millers and farmers. Issues related to the high costs of bringing rice from the mills to the ports in Cambodia are partly addressed by this project through G-PS dialogue under Outcome 1 as well as other ongoing initiatives of the Government and its DPs including in the area of customs modernization, road and rail improvement, ports improvements etc. Another aspect involves eliminating and/or reducing informal “facilitation” costs. During the 16th G-PSF, the Prime Minister has called for Provincial Officials to eliminate such fees.</td>
</tr>
<tr>
<td>4</td>
<td>Exporters are unable to meet quality requirements of buyers</td>
<td>Internal/external</td>
<td>Under Outcome 3 the project will include specific outputs focusing on specification/standards and branding of Cambodian fragrant rice that meet international expectation. This will be complemented by other interventions under IFC’s larger RSSP project on milled rice. One such intervention is organizing ‘match making events’ between Cambodian exporters and foreign buyers, centered on specs development and quality assurances, to create better mutual understanding. Another relevant intervention is the</td>
</tr>
</tbody>
</table>
equipment upgrade advice that the project will be providing to the rice millers and exporters. In addition, the Institute of Standards of Cambodia (ISC) is receiving support from TDSP to develop standards for Cambodian Rice. The Milled Rice component of CEDEP I will work closely with ISC to coordinate with the TDSP effort.

5. Exporters are unable to meet SPS standards

Output 3 under Outcome 3 will provide TA support to 8 rice millers to achieve HACCP certification. Other millers will be assisted along the path towards SPS compliance. This will be complemented by other interventions under IFC’s larger RSSP project on milled rice.

Risk and Mitigation: High Value Silk Project Component
(External or internal to project)

<table>
<thead>
<tr>
<th>Risks</th>
<th>External/Internal</th>
<th>Mitigation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector Component Project Impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Impact #1: Increased competitiveness of the Cambodian silk sector with a positive impact on poverty reduction through employment creation and income growth, especially among women, thereby contributing to meet Cambodia’s MDGs</td>
<td>Internal/external</td>
<td></td>
</tr>
<tr>
<td>• Impact #2: Focus on high value silk exports will contribute to developing Cambodia’s image of an economy that can compete not only on price but also on quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome #1: Market Development. Increased export sales of handmade high value silk products by 8 to 12 Cambodian silk exporters, and their respective production networks of female weavers in rural villages, to up to 5 selected importing markets and to international visitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Price of Yarn increases on world market</td>
<td>external</td>
<td>Government is not able to affect price in the short term. The project will improve importer’s knowledge about product and price specifications of silk yarn imports by developing a sourcing study and facilitating bulk purchasing. In addition, the MoC has indicated that the Government is looking into increasing domestic sourcing of silk by creating (a) land concession(s) focusing on mulberry and silk worm development. In the long term, increase in domestic production of silk yarn may help manage market price fluctuations. However, and, as noted earlier in the document, rehabilitating domestic production is a long term endeavor with a time horizon far beyond the three-year scope of this project.</td>
</tr>
<tr>
<td>2. World demand for high value Cambodian silk products collapses as a result of global economic</td>
<td>external</td>
<td>Government is not able to affect world demand. Still, to the extent possible, the project will address demand-side fluctuations</td>
</tr>
<tr>
<td>Outcome #2: Product Development. Improved quality and product design of handmade Cambodian silk products to meet market demand requirements for targeted export markets and from international visitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Production Capacity of Weavers is affected by natural disaster such as major flood</td>
<td>external/internal</td>
<td>The Government has no control over the weather. To the extent possible, if needed, the project will re-allocate resources to weaving areas not affected by natural disasters</td>
</tr>
<tr>
<td>2. Exporters are unable to meet demand of buyers (quantity and price) promised under contract</td>
<td>internal</td>
<td>Project will carry out a supply capacity survey under Outcome 1 and will work with exporters and weavers so contracts are negotiated based on good understanding of domestic supply capacity</td>
</tr>
<tr>
<td>3. Exporters and weavers are not able to meet the design requirements of buyers</td>
<td>internal</td>
<td>Project will strengthen capacity of designers and weavers to meet design demand under Outcome 2</td>
</tr>
<tr>
<td>4. Exporters are not able to meet high standards of quality in weaving, dyeing and other processing operations</td>
<td>internal</td>
<td>Project will work with exporters and weavers to ensure weavers meet quality demand of world markets (specific Outputs under Outcome 2)</td>
</tr>
<tr>
<td>5. Exporters and weavers are not able to meet quality requirements of buyers</td>
<td>internal</td>
<td>Project will include specific outputs focusing on the role and function of the preparation of product samples and the importance of the approval process by buyers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome #3: Silk Sector Coordination and Strategy. Enhanced capacity of public and private stakeholders to jointly articulate and manage strategic priorities and initiatives to increase competitiveness and exports of the silk sector enhancing thereby its development impact.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Silk Board is not established</td>
</tr>
</tbody>
</table>
Ministers’ support for the creation of Silk Board and Silk Board Secretariat with key representatives from business community and line Ministries.

2. Silk Sector strategy is not implemented

The Government will set up a permanent Secretariat for the Silk Board with Government official staff to ensure steady operational support for the Board. The project will train the Secretariat for the Silk Board to manage implementation, develop implementation projects and monitor results. The project will assist with monitoring of results and making adjustments (specific output under Outcome 3). The project will facilitate the development and implementation of the silk sector strategy if, and only if, a National Silk Board is set up to “own” the strategy.

3. Constraints and challenges to the development of the sector are not well understood by stakeholders

Prior to the formulation of a full-fledged silk sector strategy by the newly-formed Silk Board, the project will assist the Silk Board in establishing working groups focusing on key challenge areas (e.g. quality, product design, etc.) (specific output under Outcome 3)

Risks and Mitigation: Evaluation Function and Core Teams.
(External or internal to project)

<table>
<thead>
<tr>
<th>Risks</th>
<th>External/Internal</th>
<th>Mitigation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation Function Component Project Impact:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Impact: Enhancing the Government’s ability to lead and drive its Aid for Trade as a means to strengthen the effectiveness of the mainstreaming of Trade in its development policies and the development of its institutions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Outcome #1: Strengthen the NIU’s capacity to monitor and evaluate progress made under Trade SWAp, including evaluating impacts and results of technical assistance

| NIU lacks capacity to develop ToRs and identify appropriate consultants for mid-term and final evaluation | internal | The Tier 1 International Advisor based in DICO and the Project Managers for the Milled Rice and High Value Silk Components will assist DICO with the preparation of ToRs and identification of appropriate consultants |

| NIU lacks capacity to link delivery of Outputs to Outcomes and Impacts | Internal/external | M&E capacity is being built in DICO under the EIF tier 1 and TDSP. This particular ability is central to the capacity building efforts under those other two projects |

Outcome #2: Strengthening the NIU’s capacity to disseminate progress and results of technical assistance under Trade SWAp
V. Project Implementation Arrangements

V.1 Implementation Arrangements and Functional Responsibilities

The project has three components, each led by its own Main Implementing Entity (MIE) in close cooperation with stakeholders:

- The International Finance Corporation (IFC/The World Bank Group) will lead the implementation of the component on milled rice
- The International Trade Centre (ITC) UNCTAD/WTO will lead the implementation of the component on high value silk
- The Ministry of Commerce, with implementation to be carried out by EIF National Implementation Unit (NIU) located in MoC/DICO, will serve as MIE for the Evaluation Function component

The proposed implementation arrangements are in line with the provisions made in the EIF Compendium, under articles 19 and 20 (page 72) and articles 34-39 (pages 75) on selection of MIEs. The multi-sector approach for CEDEP I (and future CEDEP II) was discussed and validated in July 2011 in a meeting between Cambodia EIF Focal Point and EIF ED in Geneva.

The current capacities of the NIU, which is the executing agency for the TDSP and EIF Tier 1, would not be sufficient to absorb direct implementation of EIF Tier 2 proposals, hence the decision by MoC to partner with IFC and ITC under CEDEP I.

The Milled Rice component and the High Value Silk component will each have:

- A Component Steering Committee, including the MIE, key Government and Private Sector stakeholders, and a representative from the EIF NIU. The two Component Steering Committees (CSCs) will be chaired by the EIF Focal Point. The exact composition of the CSCs will be determined during the “Preparatory Quarter” of CEDEP I (see section VI.2 below) by the EIF Focal Point and the Program Manager for each component. It was

24 Any reference to MoC/DICO/NIU as MIE should be understood as a “short-hand” description. MoC is the MIE. DICO/NIU is the implementer on behalf of MoC.
agreed during the TAC 2 meeting that the Component Steering Committees will favor participation of both private sector representatives and selected government officials from concerned line Ministries at the senior level. The Component Steering Committee will provide coordination and advice for the implementation of the respective components, including helping in assessing progress and performance against outputs and outcomes, reviewing changes in the operating environment including related project risks, and endorsing annual work plans.

- A project team reporting to the MIE
- A “core team” of five (or less) Government officials (mid-career professionals) reporting to the MIE to ensure close coordination of outputs and activities between the project component and its stakeholders/beneficiaries. The “core team” concept is based on the positive experience of the MoC-UNDP TRADE project under which several core teams were created to strengthen buy-in from the beneficiaries, improve coordination, and create situations of “learning-by-doing.”

The MIEs for the Milled Rice component (IFC) and High Value Silk component (ITC), through their respective project teams, will be responsible for their own component in:

- Delivering outputs and results for the respective components
- Coordinating with stakeholders via the Component Steering Committee and the “Core Team”
- Quarterly financial reporting to UNOPS in its capacity as EIF TFM
- Bi-annual (every 6 months) substantive and financial reporting to UNOPS in its capacity as EIF TFM
- Organizing a meeting of their Component Steering Committee every six months once the substantive progress report has been prepared by the NIU
- Preparing annual work plan (AWPs) and annual budgets to be submitted to UNOPS
- Adjusting annual work plans (AWPs) as needed based on consultation with the Component Steering Committee
- Working jointly with DICO/NIU to organize the mid-term and final independent evaluations including drafting ToRs for the evaluators, helping identify possible candidates, helping select evaluators, helping review and comments on draft reports from the evaluators
- Supporting DICO/NIU as needed to help the NIU to report on progress to the Governing Structure of Trade SWAp (principally the Implementation Committee and the Sub-Steering Committee on Trade Development and Trade Related Investment which serves as the EIF NSC)

The Evaluation component will include:
The NIU M&E Unit in DICO

The NIU/M&E Unit in MoC/DICO will be responsible for the Evaluation Function component in:

- Setting up the two “salary top-up” schemes based on Government-Donor jointly approved procedures needed to organize two “Core Teams” of approximately five Government officials (one for each project component)
- Reporting regularly on the progress of CEDEP I to the Trade SWAp Governing Structure, including the Implementation Committee and the Sub-Steering Committee on Trade Development and Trade-Related Investment (S-SC.TD.TRI) which serves at the EIF National Steering Committee. To do so, the NIU/M&E Unit will be copied on the substantive reports prepared by IFC and ITC for UNOPS and each of the two “Core Team” will include one official from the NIU/M&E to help with information sharing
- Disseminating and explaining progress made under CEDEP I at the provincial level through four regional workshops organized once a year (one per main region)
- In close consultation and coordination with IFC (Milled Rice) and ITC (High Value Silk), issuing TORs, hiring consultants, and supervising mid-term and final independent evaluations of the components
- Disseminating the findings of those reviews at the provincial level through four regional workshops organized and a publication of the final evaluation
- Disseminating the final evaluation at the international level
- Quarterly financial reporting to UNOPS in its capacity as EIF TFM
- Bi-annual (6-month) substantive and financial reporting to UNOPS in its capacity as EIF TFM

Note that the proposed progress reporting arrangements suggested for DICO/NIU are in line with current practices under Trade SWAp, for which implementation is monitored by the Trade SWAp Implementation Committee (IC) that is meeting on a monthly basis. Status updates on all projects under MoC’s supervision are provided by the NIU to the NSC during quarterly meetings of the S-SC.TD.TRI. This is already done for TDSP and EIF Tier 1. This shall be continued under the EIF Tier 2, therefore providing an increased monitoring and reporting role for DICO’s M&E Unit.

25 Until the time of the writing of this proposal, the Government used the official POC scheme implemented by the Council for Administrative Reform. The POC scheme itself had been approved through discussions between the Government and Development Partners. However, POC will be terminated in June 2012. Quite likely, it will be replaced by another salary top-up scheme. In this proposal, we are simply assuming that the new official top-up scheme will follow a similar salary supplement scale as that used under POC. See, RGC, Council for Administrative Reform, *Priority Operating Costs, Implementation Guide*, August 2010
The proposed composition of the two Core Teams could be as follows, subject to review and finalization during the “Preparatory Quarter”:

- For the **Milled Rice** component:
  - 1 official from MoC/DICO NIU/M&E Unit
  - 1 official from MIME ISC (Institute of Standards of Cambodia)
  - 1 official from MoC/DIPR

- For the **High Value Silk** component:
  - 1 official from MoC/DICO NIU/M&E Unit
  - 1 official from MoC/TPD
  - 1 official from Ministry of Women’s Affairs (MOWA)
  - 1 official from Ministry of Tourism (MoT)
  - 1 official from Ministry of Agriculture, Forestry and Fishery (MAFF)

**V.2 National Ownership**

Ownership of the project will be ensured through a number of mechanisms.

For the Components for Milled Rice and High Value Silk, through:

- The sector’s Component Steering Committee which will provide overall guidance and help sharpen the focus of the component as needed
- The presentation of project progress to the SSC.TD.TRI during its quarterly session
- The components’ “core teams” which will support the components’ project team to ensure close coordination with key stakeholders on a day-to-day basis
- Involvement of stakeholders in activities and outputs of the project
- Long term sustainability of the results of the project which will benefit Cambodian stakeholders

For the Evaluation Function Component, through:

- The EIF NIU M&E learning to evaluate impacts and results
- The EIF NIU M&E reporting to the Governing Structure of Trade SWAp including the Implementation Committee and the National Steering Committee (the S-SC.TD.TRI) and disseminating results among stakeholders at the national level
V.3 Description of Main Implementing Entities

The **International Finance Corporation** (IFC) is a member of The World Bank Group, which is one of the six core agencies of the Integrated Framework. The IFC has three main divisions: Investment Services, Advisory Services, and Asset Management Company. IFC Advisory Services will be responsible for the Milled Rice component.

IFC Advisory Services offers advice, problem solving, and training to companies, industries, and governments aimed at helping private sector enterprises overcome obstacles to growth.

Over the past several years, IFC-Cambodia has been providing a portfolio of advisory services to rice millers and the rice sector in Cambodia with a focus on exports. IFC-Cambodia is a key development partner of the Government in the implementation of its 2010 Rice Policy.

The **International Trade Centre** UNCTAD/WTO is one of the core agencies of the Enhanced Integrated Framework (EIF). Under the earlier Integrated Framework, ITC implemented 26 projects in 20 LDCs in Sub-Saharan Africa and Asia.

ITC is the joint technical cooperation agency of the World Trade Organisation (WTO) and the United Nations. ITC has three strategic objectives namely,

- to strengthen the international competitiveness of businesses;
- to develop the capacity of trade service providers to support businesses; and,
- to support policymakers in integrating the business sector into the global economy.

For the past five years, ITC has been working closely with the MoC and stakeholders in the Cambodian Silk sector to help implement the Government’s strategy.

Cambodia’s **EIF National Implementation Unit** (NIU) is based in Cambodia’s Ministry of Commerce in the Department of International Cooperation (DICO.) DICO was created in early 2008 to be the focal point for the implementation of Cambodia’s Trade SWAp, the implementation of Cambodia’s EIF, the Secretariat of the Government Sub-Steering Committee on Trade Development and Trade Related Investment, and the Executing Agency of the Trade Development Support Programme (TDSP). It is one of the six departments under the Ministry of Commerce’s General Directorate for International Trade. It currently comprises 22 staff members, three national consultants and four part-time international advisers.

For the past year, the EIF NIU has been implementing an EIF Tier 1 project. Accordingly, the NIU is quite knowledgeable about the EIF procedures and requirements.
VI. LOGICAL FRAMEWORK, WORK PLAN AND BUDGET

VI.1 Logical Frameworks

The following three tables show the logical frameworks (Impacts, Outcomes, Outputs and KPIs) for each of the three components.

The tables also list, wherever appropriate, the KPIs identified in the Strategic Framework of Trade SWAp and the supporting road maps for the three Pillars (Shown in italics.) The purpose is to show overlap and/or conformity among a number of the more detailed KPIs identified for the three project components and the more limited list identified in the Trade SWAp road maps – in other words, to show how the three components developed in this proposal will help achieve some of the KPIs identified for the Trade SWAp.

### Logical Framework: Milled Rice Project Component. KPIs and Means of Verification

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Key Performance Indicators</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| **Impact #1:** Rice being the largest employment sector of the Cambodian economy, development of milled rice exports will have a positive impact on poverty reduction, especially through income growth in many regions of the country. Development of the sector supports Cambodia’s efforts to meet its MDGs | • Export of milled rice increase by 100% from 2011 baseline of approximately 140,000 MT | • Comparison to baseline  
• Published statistics on rice export |
| **Impact #2:** The competitiveness of Cambodian rice exports is increased resulting in better earnings of rice millers and farmers in the milled rice supply chain, led by its higher value fragrant rice segment. | • The price gap between comparable quality Thai (the global leader) and Cambodian fragrant rice is reduced by 25%. (2011 market price for Thai fragrant is $1000/ton; for Cambodian fragrant, $800/ton) | • Market Analysis Tools |
| **Outcome #1:** The Enabling Environment for the Cambodian Private Sector to meet the Government’s targets for Milled Rice exports is enhanced and sustained through the creation of an Association of Rice Exporters and enhanced G-PS dialogue on Rice exports in G-PSF or other venues | • Number of constraints/challenges identified in Rice Policy that have been addressed | • SNEC annual review of implementation of Rice Policy |
| **Output 1:** Technical working groups are organized among rice millers and exporters as a precursor of the association | • Number of technical working groups formed  
• Number of meetings of technical working groups | • Project records  
• Audit |
| **Output 2:** Updated mapping of milled rice value chain (based on mapping in Rice Policy) | • Mapping published and disseminated | • Project records  
• Audit |
| **Output 3:** Functioning association is created and registered | • Registration of Association  
• Association website established  
• Meetings of Association organized | • Project records  
• Audit |
| **Output 4:** Mechanism(s) for regular consultation between Government and Rice exporters on milled rice exports is established through G-PSF or other venue | • Formal channel for G-PS communication identified  
• Number of formal G-PS consultations on rice | • Project records  
• Audit |
| **Outcome #2:** Cambodian Rice Millers are successful in identifying | • Five new export markets (outside EU and | • Survey of contracts |
several new major import market opportunities (in addition to EU and Russia) and signing contracts in at least three new markets. Russia) have been identified and three have been visited and explored. Export contracts are being negotiated in at least three of them. concluded or under negotiations among 12 largest rice millers and exporters

<table>
<thead>
<tr>
<th>Output 1: Market Potential Analyses/Trade information developed for five new markets</th>
<th>• Five market potential analyses prepared and disseminated through workshops • Road Map Pillar 2 KPI 2.3.1.b: A minimum of two new and large scale distribution channels to overseas markets have been identified</th>
<th>• Project records • Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 2: Manual on export procedures/trade facilitation issues for milled rice produced</td>
<td>• Manual prepared and disseminated through workshops</td>
<td>• Project records • Audit</td>
</tr>
<tr>
<td>Output 3: Manual on SPS standards and certification requirements for milled rice produced</td>
<td>• Manual prepared and disseminated through workshops</td>
<td>• Project records • Audit</td>
</tr>
<tr>
<td>Output 4: Develop and publish Cambodian Rice Portfolio Catalogue</td>
<td>• Portfolio Catalogue published and disseminated through workshops</td>
<td>• Project records • Audit</td>
</tr>
<tr>
<td>Output 5: Three new potential markets have been visited by groups of export-ready and exporting rice millers</td>
<td>• Number of participants and number of trade missions</td>
<td>• Project records • Audit</td>
</tr>
<tr>
<td>Output 6: Export-ready and exporting rice millers have participated to four key rice trade fairs and buyer-seller meetings</td>
<td>• Number of participants and number of trade fair participations • Road Map Pillar 2 KPI 2.3.1.c: Rice traders and exporters participate to trade fairs and buyer-seller meetings</td>
<td>• Project records • Audit</td>
</tr>
<tr>
<td>Outcome #3: Cambodian Rice Millers are successful completing export contracts in the three targeted markets by meeting quantities, quality, and price requested by importers which is developed as the leading Cambodian rice brand and meeting SPS standards requested by importers</td>
<td>• Increase in volume of exports to the three new markets targeted under project • Number of rice millers HACCP certified • Road Map Pillar 2 KPI 2.3.1.a: Exports to a minimum of three new markets in two years • Road Map Pillar 2 KPI 2.3.b: Exports of “new products” increase (in this case, “branded” Cambodian fragrant)</td>
<td>• GDCE, MoC CO data</td>
</tr>
<tr>
<td>Output 1: Establish a Cambodian fragrant rice brand for an export quality type of milled fragrant rice competing with Thai fragrant rice and responding to expectations of import markets</td>
<td>• Number of time the brand is mentioned in orders/ invoices.</td>
<td>• Project records • Survey of exporting firms</td>
</tr>
</tbody>
</table>
### Output 2: Promote Cambodian fragrant rice brand

- Number of campaigns and events at which the brand is prominently promoted
- Project records
- Audit

### Output 3: 8 Rice Millers are supported to become HACCP certified

- Road Map Pillar 2 KPI 2.3.1.d: Technical support is provided to rice millers to meet quality specifications and SPS requirements
- Project records
- Audit

---

**Logical Framework: High Value Silk Project Component. KPIs and Means of Verification**

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Key Performance Indicators</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact #1</strong>: Increased competitiveness of the Cambodian silk sector with a positive impact on poverty reduction through employment creation and income growth, especially among women, thereby contributing to meet Cambodia’s MDGs</td>
<td>Increase in income of silk weavers by 200%</td>
<td>Company and weaver surveys</td>
</tr>
<tr>
<td><strong>Impact #2</strong>: Focus on high value silk exports will contribute to developing Cambodia’s image of an economy that can compete not only on price but also on quality.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome #1: Market Development</strong></td>
<td>Increase in cross-border exports of Cambodian silk products. Target: value increased by 50% at the end of the project. Benchmark to be developed under Output 1.1 (Export sales estimated at US$1.5m) 27</td>
<td>National trade and tourism statistics, Company surveys, disaggregated by male/female, External Project evaluation</td>
</tr>
<tr>
<td></td>
<td>Increase in the sales value of silk products sold to tourists through different channels (shops, hotels, etc) by male and female owned companies assisted by the project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number and diversification of markets reached</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of enterprises having met buyers and transacted business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Range of products exported</td>
<td></td>
</tr>
</tbody>
</table>

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27 This estimate includes domestic sales to tourists, **exclusive** of sales by Artisans d’Angkor
### Road Map Pillar 2 KPIs

**Output 1.1**  
Export potential and key export markets for high value handmade silk products identified and supply capacity analyzed

- Number of studies prepared
- *Road Map Pillar 2 KPI 2.3.7.a: Silk Sector Profile is used as guidance for developing market opportunities*
- Number of male- and female-owned silk companies made aware of market potential

**Output 1.2**  
Marketing capacities of selected exporters strengthened and export marketing tools elaborated

- Number of export plans developed and implemented by companies
- Number of beneficiaries (male/female) enabled to analyze export markets and formulate export plans
- Number of corporate marketing tools developed/improved with support of the project

**Output 1.3**  
Export and sales opportunities created in selected foreign and tourism market

- Number of new buyer contacts established (Target: 25-35)
- Number/volume of orders received/letter of intent signed
- Number of trade fairs/marketing mission facilitated (Target: 4-6)
- Number of new sales outlets established (Target: 3-5)
- *Pillar 2 Road Map KPI 2.3.7.d: Developing the value chain by integrating silk products into the tourism market*
- Number of male- and female-owned silk companies that attended dissemination workshop

**Outcome #2: Product Development**

Improved quality and product design of handmade Cambodian silk products to meet market demand requirements for targeted export markets and from international visitors

- Number of new products and collections developed/adapted by exporters during project period
- *Road Map Pillar 2 KPI 2.3.7.b: Exports of “new products”*

**Output 1.1**  
Number of studies prepared

**Output 1.2**  
Corporate export tools/plans

**Output 1.3**  
Feedback from enterprises and buyers

**Outcome #2: Product Development**

- Number of company surveys disaggregated by male/female
- Feedback from buyers
| Output 2.1 Skills of exporters in product innovation and design development strengthened | Increase in profit margins of exported products  
Acceptance rate of product samples by buyers with respect to compliance with quality requirements | Number of designers (male/female) with improved knowledge and skills in project design and development  
Number of study tours conducted for designers (male/female)  
Number of corporate training workshops conducted (male/female) | Reports from consultants and trainers  
Training evaluation questionnaires disaggregated by male/female |
|---|---|---|---|
| Output 2.2 Improved vertical integration of silk value chain and enhanced technical skills of weaving communities to enable production of high quality handmade silk products in larger quantities | Number of (male/female) weavers who improved technical skills in yarn preparation, weaving and dyeing  
Road Map Pillar 2 KPI 2.3.7.e: Continuing capacity building among weavers/producers  
Number of (male/female) weavers serving the export market  
Share of production output compliant with “spec card” requirements | Reports by trainers  
Feedback from silk associations, exporters working directly with weaver groups |
| Output 2.3 Quality and traceability of silk yarn imports ensured | Increased share of traceable silk yarn imports (as reflected through COs)  
Number of purchasing units strengthened  
Road Map Pillar 2: Addressing the problem of silk yarn supply | Transacted import orders  
Company survey |
| Outcome #3: Silk Sector Coordination and Strategy. | Silk Sector Strategy and Action Plan, ensuring representation of women in the sector, endorsed by stakeholders | Records of policy decision-making related to strategy implementation |
to increase competitiveness and exports of the silk sector enhancing thereby its development impact.

<table>
<thead>
<tr>
<th>Output 3.1</th>
<th>Silk Board and Silk Secretariat have been created. Working groups of stakeholders have been formed around key silk sector development issues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• National ownership of sector strategy assumed by National Silk Board</td>
</tr>
<tr>
<td></td>
<td>• Number of strategic actions identified in sector strategy that have been addressed</td>
</tr>
<tr>
<td></td>
<td>• Reports of Silk Sector Working Group under the Trade SWAp</td>
</tr>
<tr>
<td></td>
<td>• Government Anukret and/or Ministerial Prakas as needed</td>
</tr>
<tr>
<td></td>
<td>• Number of stakeholders working group established and functioning (e.g. number of meetings)</td>
</tr>
<tr>
<td></td>
<td>• Road Map Pillar 2KPI 2.3.7.b: Silk Board is Created</td>
</tr>
<tr>
<td></td>
<td>• Project records</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 3.2</th>
<th>Silk Sector Strategy and Plan of Action, ensuring representation of women in the sector, developed with stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Number of Inclusive participatory workshops held</td>
</tr>
<tr>
<td></td>
<td>• Sector strategy developed</td>
</tr>
<tr>
<td></td>
<td>• Plan of Action and Implementation Matrix developed</td>
</tr>
<tr>
<td></td>
<td>• Road Map Pillar 2 KPI 2.3.7.c:Silk Sector Development Strategy is developed</td>
</tr>
<tr>
<td></td>
<td>• Sector strategy document</td>
</tr>
<tr>
<td></td>
<td>• Meeting minutes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output 3.3</th>
<th>Effective implementation management and monitoring framework established</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Validation of implementation management and monitoring framework by National Silk Board</td>
</tr>
<tr>
<td></td>
<td>• Number of initiatives initiated by the Silk Board to address issues identified in Strategy Action Plan</td>
</tr>
<tr>
<td></td>
<td>• Number of roundtable meetings held to review strategy implementation progress ensuring representation of women in the sector</td>
</tr>
<tr>
<td></td>
<td>• Implementation management body’s list of members, role &amp; responsibilities;</td>
</tr>
<tr>
<td></td>
<td>• Media reports and pledges received;</td>
</tr>
<tr>
<td></td>
<td>• Periodic progress reports</td>
</tr>
</tbody>
</table>
**Logical Framework: Evaluation Function Component and Core Teams. KPIs and Means of Verification**

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Key Performance Indicators</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact #1</strong> Enhancing the Government’s ability to lead and drive its Aid for Trade as a means to strengthen the effectiveness of the mainstreaming of Trade in its development policies and development of its institutions</td>
<td>• DICO is able to manage an overall evaluation of Trade SWAp progress by 2014</td>
<td>• MoC/DICO records; • Presentation of Trade SWAp progress evaluation to SSC.TD.TRi</td>
</tr>
<tr>
<td>Management Function and Establishment of Core Teams</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIU sets up salary supplement schemes to include 10 Government officials from various line Ministries in two “Core Teams” (one for each project component)</td>
<td>• Salary supplement schemes have been submitted and approved by CAR • 10 officials have been identified and engaged in the two core teams</td>
<td>• Project records</td>
</tr>
<tr>
<td><strong>Outcome #1:</strong> Strengthen the NIU’s capacity to monitor and evaluate progress made under Trade SWAp, including evaluating impacts and results of technical assistance</td>
<td>• NIU able to assist DICO in preparing templates and ToR for future Trade SWAp evaluation and projects that support Trade SWAp • NIU able to advise on relevance of KPIs in Pillar 2 road map</td>
<td>• Survey</td>
</tr>
<tr>
<td><strong>Output 1:</strong> A mid-term independent evaluation of CEDEP I is organized and carried out</td>
<td>• Mid-term independent evaluation report completed • Evaluation reports are endorsed by NSC (S-SC)</td>
<td>• Project records</td>
</tr>
<tr>
<td><strong>Output 2:</strong> A final independent evaluation of CEDEP I is organized and carried out</td>
<td>• Final independent evaluation report completed • Evaluation reports are endorsed by NSC (S-SC)</td>
<td>• Project records</td>
</tr>
<tr>
<td><strong>Outcome #2:</strong> Strengthening the NIU’s capacity to disseminate progress and results of technical assistance under Trade SWAp</td>
<td>• NIU able to organize dissemination event for planned Trade SWAp evaluation</td>
<td>• Survey</td>
</tr>
<tr>
<td><strong>Output 1:</strong> Findings from monitoring of project results and impacts are explained and disseminated once a year through five regional workshops</td>
<td>• Number of regional workshops organized to disseminate progress of Tier 2 project</td>
<td>• Project records</td>
</tr>
<tr>
<td><strong>Output 2:</strong> Findings from evaluations (mid-term and final) are published and disseminated within Cambodia and to the international community</td>
<td>• Publications and number of events organized to disseminate results of Tier 2 project</td>
<td>• Project records</td>
</tr>
</tbody>
</table>
VI.2 Work Plans by Outputs

The following three tables show Quarterly Work Plans by Outputs for each of the three components, as well as Indicative Activities.
## Work Plan: Milled Rice Component. Output, Indicative Activities, Work Plan

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparatory Quarter:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Indicative Activities:**
- Preparation of Year 1 Annual Work Plan (AWP)
- Staffing
- Formation of Component Steering Committee, including TORs
- Identification of key experts
- Consolidation of list of current or potential exporters

### Outcome #1: The Enabling Environment for the Cambodian Private Sector to meet the Government’s targets for Milled Rice exports is enhanced and sustained through the creation of an Association of Rice Exporters and enhanced G-PS dialogue on Rice exports in G-PSF or other venues

### Output 1: Technical working groups are organized among rice millers and exporters as a precursor to the association

### Output 2: Updated mapping of milled rice value chain (based on mapping in Rice Policy) (to be done with stakeholders)

### Output 3: Functioning association is created and registered – Cambodian Rice Exporters Association (CREA)

### Output 4: Mechanism(s) for regular consultation between Government and Rice exporters on milled rice exports is(are) established through G-PSF or other venue and utilized

**Indicative Activities:**
- Convene meetings with exporters to identify issues in areas of Trade Facilitation, Export Financing, Compliance (Quality Management), Production Technology and Rice Supply, and the design of a Cambodian fragrant rice brand image. These meetings lead to formation of Technical Working Groups
- Consultation mechanisms identified and agreed among exporters and government lead agencies
- Mapping of Rice Export Value Chain (focus on trade facilitation element) is updated with exporters and rice millers
- Annual review/update of Value Chain
- Legal/administrative assistance to register the association
- Consultative meeting with Thai Rice Exporters Association, possibly through a country visit
- Baseline information compiled
- Cambodian Exporters Association website designed

**Outcome #2** Cambodian Rice Millers are successful in identifying several new major import market opportunities (in addition to EU and Russia) and signing contracts in at least three new markets.

**Output 1:** Market Potential Analyses/Trade information developed for five new markets

**Output 2:** Manual on export procedures/ trade facilitation issues for milled rice produced

**Output 3:** Manual on SPS standards and certification requirements for milled rice produced

**Output 4:** Develop and publish Cambodian Rice Portfolio Catalogue

**Output 5:** Three new potential markets have been visited by groups of export-ready and exporting rice millers

**Output 6:** Export-ready and exporting rice millers have participated to 4 key rice trade fairs and buyer-seller meetings (actual timing depends on event calendar)

**Indicative Activities:**
- Create an event calendar (rice trade fairs and related fairs, national, regional, international)
- Update baseline information including list of international buyers/investors interested in Cambodian rice
- Market research on attributes of Cambodian fragrant rice (domestically, as well as perception of current international buyers)
- Update Cambodian Rice Export Potential Assessment at HS 6 level and HS 8 for aromatics
  - Current markets vs. potential markets
  - Trade flows, including competitors trade flows
  - Market access conditions
  - Nature of demand - parboiled, aromatic, organic, brown
- Workshop on market research, identification of market opportunities, and identification of sources of information and networks, including overseas Government representatives (trade information and promotion channels)
- Workshop with capacity training on the use of on-line Market Analysis Tools
  - Select 5 new (out of the top ten) milled rice importers in the world (ITC’s trade maps)
  - Analyze trade-flows and competition
- Workshops with exporters on preparing for market prospecting and participation to trade fairs, (one workshop before each mission but can be reduced to round table briefing meetings)
- Debriefing workshops after each market visit, each participation in trade fairs
- Preparation/briefing meetings to no less than 9 (better 12 = 4x/year) Cambodian participations in trade fairs: Timing and number depends on actual event calendar
- Training workshops:
  - Contracts and negotiations, international trade laws, settlement of claims, arbitration
  - Export packaging and labelling, product adaptation, branding
  - Costing, positioning, pricing
  - Purchasing and supply management
- Manual on trade facilitation produced by TWG and translated into Khmer
- Cambodian rice product portfolio agreed upon and published by the Association’s Working Groups
- 9 Market prospecting missions to target markets (elaborated during Market Analysis workshop)
- Round table meetings with visiting international buyers/rice traders

<table>
<thead>
<tr>
<th>Outcome #3: Cambodian Rice Millers are successful completing export contracts in the three targeted markets by meeting quantities, quality, and price requested by importers, especially with respect to fragrant rice which is developed as the leading Cambodian rice brand and meeting SPS standards requested by importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1: Establish a Cambodian fragrant rice brand for an export quality type of milled fragrant rice competing with Thai fragrant rice and responding to expectations of import markets</td>
</tr>
<tr>
<td>Output 2: Promote Cambodian fragrant rice brand</td>
</tr>
<tr>
<td>Output 3: 8 Rice Millers are supported to become HACCP certified</td>
</tr>
</tbody>
</table>

**Indicative Activities:**
- A promotional concept and standard flyer and poster for a Cambodian fragrant rice identity is created (note: fragrance in Cambodian perception is linked to Rumdul or Romdul, Mitrella Mesnyi, national flower)
- Recruit consultant for above to work with Association’s working group
- Poster is distributed to prominent locations in Cambodia frequented by visitors (airports, hotels, tourism offices)
- Market visits under outcome #2, outputs #5 and #6
- Promote brand through Cambodian booth at Trade fairs (rice, tourism, food, hospitality)
- Factual information on Cambodian rice and rice exporters and promotional material is disseminated to all Cambodian Embassies’ Commercial sections abroad, trade promotion offices, tourism organisations etc.
- Press conferences
- Exporters adopt the Cambodian fragrant rice brand/logo and display it together with their individual brands.
- Exporters use Cambodian brand in association with their product lists and invoices
- Cambodian Rice Exporters Association (CREA) Website promotes Cambodian Rice
- CREA sets aside advertising budget for Cambodian rice
Presentations to expose millers to new export enhancing products/technologies such as extrusion of broken rice and fortified rice (e.g. NutriRice)
- Group training on HACCP organized for selected group of rice millers
- On-site training for HACCP organized in 8 rice millers/exporters
- 8 rice millers’ application for HACCP certification supported


<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>Preparatory Quarter:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicative Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Preparation of Year 1 Annual Work Plan (AWP)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Staffing &amp; establishment of core team</td>
<td></td>
<td></td>
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<tr>
<td>- Formation of Component Steering Committee, including TORs</td>
<td></td>
<td></td>
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<tr>
<td>- Identification of key experts</td>
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</tr>
</tbody>
</table>

Outcome #1: Market Development

Output 1.1: Export potential and key export markets for high value silk products identified

Output 1.2: Marketing capacities of selected exporters strengthened and export marketing strategies elaborated

Output 1.3: Exporters actively investigate foreign markets

Indicative Activities:

Output 1.1
- Develop an assessment methodology to measure performance of the sector (e.g. company surveys disaggregated by men and women, statistical analysis) including current export volumes;
- Streamline HS-reporting for silk export transactions (in cooperation with the General Department of Customs and Excise);
- Assess productive capacities of the sector for both silk production and processing (e.g. gender sensitive value chain analysis, existing production outputs, product range, prices and quality aspects), as well as contribution of the sector to employment, income generation and economic empowerment of women and establish baselines disaggregated by gender for project indicators;
- Assess market trends and conduct import market study indentifying export potential and niche markets (including buyer characteristic, purchasing requirements and distribution channels) for high value silk products taking into account competition from other silk producing countries (e.g. China, Vietnam, Laos etc);
- Define 5 key export markets for Cambodian high value silk products;
- Select 8-12 exporters or export-ready enterprises according to defined selection criteria as primary beneficiaries of project assistance. Gender-sensitive ownership of the exporting companies will be taken into account in the selection in order to support women owned enterprise in moving up the value chain;
- Disseminate findings among main key stakeholders in national seminar and through web-based information channels;
Output 1.2
- Assist selected companies to elaborate export plans towards target markets based on the findings of the export potential assessment (Output 1.1)
- Train companies on market access criteria and distribution channels in target markets
- Organize workshops for selected exporters to improve awareness of buyer requirements as well as other priority areas such as contracting, costing and pricing and provide customized advice to improve communication and export order handling (e.g. Incoterms, buying cycles, sampling)
- Provide customized support to develop/improve promotional marketing material and tools for selected companies (corporate brand image, product catalogues, websites)

Output 1.3
- Organize training workshops and provide customized support on how to prepare for trade fairs and on how to undertake marketing missions
- Identify relevant trade fairs and support participation of selected exporters in (2-3) international trade fairs according to identified export markets (e.g. Lifestyle Vietnam, M&O, Ambiente, Bangkok Fair). Whenever possible support trade fair participation (booth rental, promotional material, transport accommodation) based on cost-sharing principles with beneficiaries
- Identify prospective buyers in target markets and facilitate match-making
- Organize 1-2 buyer-seller meeting and marketing mission to prospective buyers in target markets (to be organized back to back with trade fair participation)
- Facilitate buyer visits to selected exporters
- Facilitate the establishment of new sales outlets in Phnom Penh (hotels etc) targeting international visitors
- Facilitate PPPs with tour operators/hotels to bring tourists to village-based weaving sites and showrooms of exporters and conduct other commercial and promotional activities
- Analyze lessons learned and experiences made (trade fair participation, buyer-sellers meetings, PPPs), revise the approach and arrangements, if necessary, and organize follow-up activities accordingly
- Conduct dissemination workshops to share experiences and lessons learned with silk companies that are not directly supported by the project activities, especially women owned companies with a view to improving their position in the silk sector value chain

Outcome #2: Product Development

Output 2.1: Skills of male and female exporters in product innovation and design development strengthened

Output 2.2: Improved vertical integration of silk value chain and enhanced technical skills of weaving communities to enable production of high quality silk products in larger quantities

Output 2.3: Quality and traceability of silk yarn imports ensured

Indicative Activities:
Output 2.1
- Assess company-specific supply-side capacities including resources available for product design and development and establish project baselines
- Conduct a general training course on contemporary trends on fashion design (e.g. color palettes, patterns, silhouettes)
- Train selected companies on product design and development including the business perspective of product design
- Conduct one study tour for designers to relevant fashion schools and buyers (to be combined with sales mission)
- Support companies to identify product range and collection for target markets and assist in creating a schedule for the creation of the collection
- Provide customized advisory support to selected companies to develop new product designs and collections
Monitor the development of new designs and products and provide follow-up support as needed

**Output 2.2**
- Identify weaving communities with competitive advantage to serve export markets
- Assess existing weaving and dyeing techniques/methods and identify priority areas to increase production efficiency and quality improvements
- Provide technical training on silk weaving techniques to master weavers and on dyeing methods (AZO free and natural dyes) in order to respond to buyer requirements for new designs and product patterns and to improve production efficiency
- Facilitate linkage building between exporters and weaver groups (vertical integration) to increase ability to meet demand requirements in terms of quality and quantity
- Ensure quality requirements by preparing/disseminating “spec cards” in cooperation with weavers’ association
- Strengthen horizontal cooperation among weaver communities to increase ability to produce large quantities of consistent quality products
- End of project survey among village-based weavers to assess changes in sales and income

**Output 2.3**
- Conduct study on silk yarn sourcing identifying suitable import markets based on cost and quality criteria and establish baseline for yarn imports
- National silk supply directory updated and published
- Facilitate bulk purchasing of silk yarn imports (i.e. Chinese silk yarn)
- Support purchasing units to source raw materials

**Outcome #3: Silk Sector Coordination and Strategy**

<table>
<thead>
<tr>
<th>Output 3.1: Silk Board and Silk Secretariat have been created. Working groups of stakeholders have been formed around key silk sector development issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 3.2: Silk Sector Strategy and Plan of Action incorporating gender related considerations developed with stakeholders</td>
</tr>
<tr>
<td>Output 3.3: Effective implementation management and monitoring framework established</td>
</tr>
</tbody>
</table>

**Indicative Activities:**

**Output 3.1**
- Organize working group meetings with key sector stakeholders (i.e. Silk Board Working Group, Trade SWAp Silk Task Force) to facilitate establishment of the Silk Board and Silk Board Secretariat

**Output 3.2**
- Disseminate results of market assessment, (carried out under Output 1.1) with sector stakeholders to examine challenges, market-orientated options and potential solutions
- Organize inclusive participatory workshops following ITC’s export strategy methodology with sector stakeholders from all stages of value chains, including women
- Formulate in cooperation with the Silk Board and Silk Board Secretariat the Sector Strategy incorporating the gender dimension
- Produce a detailed and prioritized Plan of Action specifying activities, targets, assigning responsibilities and resources required for implementation
**Output 3.3**
- Develop jointly with key stakeholders an implementation framework for the strategy action plan
- Provide training to staff of the Silk Board Secretariat on developing implementation initiatives, implementation management and monitoring results
- Provide assistance in monitoring progress and measuring results of strategy implementation
- Organize roundtable meetings with stakeholders concerned to review and adjust the Strategy and Action Plan as appropriate in cooperation with the National Silk Board during the remaining period of the project

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**Work Plan: Evaluation Function Component and Core Teams. Output, Indicative Activities, Work Plan**

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
</tbody>
</table>

**Preparatory Quarter**
- Preparation of Year 1 Annual Work Plan (AWP)
- Identification of key expert for Core Teams
- Salary supplement schemes have been prepared and approved under the new Government-approved scheme for two Core Teams of 5 Government officials each to support Milled Rice and High Value Silk CEDEP I components

**Outcome #1:** Strengthen the NIU’s capacity to monitor and evaluate progress made under Trade SWAp, including evaluating impacts and results of technical assistance

**Output #1:** A mid-term independent evaluation of the CEDEP I is organized and carried out

**Output #2:** A final independent evaluation of the CEDEP I is organized and carried out

**Indicative Activities:**
- ToRs for independent mid-term evaluation team developed
- Mid-term evaluation team identified and recruited (one international, one national)
- Draft report of mid-term evaluation team reviewed and commented
- Final mid-term report received
- ToRs for independent final evaluation team developed
- Final evaluation team identified and recruited (two international, two national – one international expert for each product sector)
- Draft report of final evaluation team reviewed and commented
- Final evaluation report received

**Outcome #2:** Strengthening the NIU’s capacity to
<table>
<thead>
<tr>
<th>disseminate progress and results of technical assistance under Trade SWAp</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output #1</strong>: Findings of project results and impacts are explained and disseminated once a year through five regional workshops</td>
</tr>
<tr>
<td><strong>Output #2</strong>: Findings from evaluations (mid-term and final) are published and disseminated within Cambodia and to the international community</td>
</tr>
</tbody>
</table>

**Indicative Activities:**
- Presentations prepared in Khmer for dissemination workshops
- 5x3=15 regional workshops organized and held for disseminating monitoring results and evaluation reports
- Exec Summaries of mid-term and final evaluations reports translated into Khmer
- NIU to report on mid-term and final evaluation to S-SC (NSC)
- Evaluation reports uploaded to website
- Final evaluation report published and printed
- Event for national and international audience organized in PP to disseminate final evaluation
VI.3 Budget

The following table show the Budget for each of the three components. Detailed budgets by Outcome and Outputs for the three components are shown in Annex 3. See Annex 4 for additional information on rates used when preparing budgets.
### Table 3: Detailed Budget

#### Detailed Budget

**Country:** Cambodia  
**Project Title:** CEDEP I (Milled Rice, High Value Silk, Evaluation)  
**Starting Date:** July 1, 2012  
**Project Duration:** 3 years  
**Approved Budget:**  
**Funded by:** Enhanced Integrated Framework Trust Fund

#### Budget Account Code | Exp Account Code | Category | Exp Account Code Description | Total Milled Rice | Total High Value Silk | Total Evaluation Function | Total EIF Tier 2 Contribution
--- | --- | --- | --- | --- | --- | --- | ---
71200 | 71205 | Intl Experts | Intl Consultant | Day | 425 | $600 | $255,000 | Day | 50 | $500 | $25,000 | Day | 130 | $800 | $104,000 | $384,000
71200 | 71205 | Intl Experts | Intl Consultant | Day | 200 | $400 | $80,000 | Day | 200 | $400 | $80,000
71200 | 71205 | Intl Experts | Intl Consultant/PP-based | Day | 140 | $200 | $40,000 | Day | 140 | $200 | $40,000
71200 | 71205 | Intl Experts | ME Staff Adviser | Month | 9 | $11,766 | $105,894 | Day | 324 | $360 | $116,640 | Month | 7.5 | $19,000 | $142,500 | Month | 7.5 | $19,000 | $142,500
71200 | 71205 | Intl Experts | Sr. MIE Staff Adviser | Month | 1.5 | $23,000 | $34,500 | Month | 1.5 | $23,000 | $34,500
71300 | 71305 | Support Staff | Program Assistant | Month | 36 | $1,250 | $45,000 | Month | 36 | $1,250 | $45,000
71300 | 71305 | Support Staff | NAD Support Staff | Month | 40.5 | $3,000 | $121,500 | Month | 40.5 | $3,000 | $121,500
71300 | 71310 | Support Staff | NAD Support Consultant | Day | 30 | $250 | $7,500 | Month | 30 | $250 | $7,500
71400 | 71410 | Intl Experts | Program Officer | Month | 36 | $360 | $108,000 | Month | 36 | $360 | $108,000
71600 | 71615 | Travel & Missions | Travel DSA | Day | 181 | $150 | $27,150 | Day | 267 | $150 | $40,050 | Day | 60 | $125 | $7,500 | $74,700
71600 | 71615 | Travel & Missions | Travel DSA | Day | 272 | $20 | $5,440 | Day | 272 | $20 | $5,440
71600 | 71600 | Travel & Missions | Local transport | Transport | $1,150 | $6,318 | Transport | $1,150 | $6,318
71600 | 71610 | Travel & Missions | Travel Air Tickets | Tickets | 34 | $6,800 | $23,100 | Tickets | 21 | $1,100 | $23,100
71600 | 71610 | Travel & Missions | Travel Air Tickets | Tickets | 21 | $3,143 | $65,993 | Tickets | 4 | $3,000 | $12,000 | $101,093
71700 | 71700 | Learning Costs | Subcontracts | Daily Pax | 1020 | $20 | $20,400 | Daily Pax | 1335 | $20 | $26,700 | Daily Pax | 630 | $20 | $12,600 | $59,700
71700 | 71700 | Learning Costs | Publications | Book | 2400 | $6.5 | $15,600 | Book | 2000 | $6.5 | $13,000 | $28,600
71700 | 71700 | Learning Costs | Publications | Book | $1,000 | $1,000 | Book | $1,000
71700 | 71700 | Learning Costs | Publications | Website | $10,000 | Website | $10,000 | Website | $10,000
72100 | 72145 | Subcontracts | Services | Contract | $150,000 | Grants | $40,000 | Contract | $190,000
72100 | 72145 | Subcontracts | Services | Trade Missions | $81,900 | Trade Missions | $81,900 | Contract | $267,900
72200 | 72205 | Equipment | Equipment | Lumpsom | Lumpsom | $3,000 | Lumpsom | $3,000
74100 | 74100 | Prof Services | Legal | Contract | $3,000 | Contract | $3,000 | Contract | $3,000
74100 | 74100 | Prof Services | Translations | Contract | $5,000 | Contract | $5,000 | Contract | $5,000
74500 | 74525 | Supplies | Misc Expenses | Year | 3 | $25,157 | $78,311 | Month | 39 | $100 | $3,600 | Month | $81,911
74500 | 74525 | Supplies | Misc Expenses | Year | 3 | $4,500 | $13,500 | Year | 3 | $4,500 | $13,500
74500 | 74525 | Other sundries | Misc Expenses | Lumpsom | Lumpsom | $36,102 | Lumpsom | $36,102
7 | MIE Overhead | | | | $55,642 | | | | $55,642

**TOTAL**  
$1,112,847 | $1,004,347 | $154,494 | $2,407,714
VII. Project Accountability Arrangements

VII. 1 Legal Status of MIEs

The International Finance Corporation is a member of The World Bank Group.

The International Trade Centre is the joint Agency of the World Trade Organization (WTO) and the United Nations

The Cambodia EIF National Implementation Unit is part of the Department for International Cooperation in the Ministry of Commerce of the Royal Government of Cambodia.

UNOPS has signed Memoranda of Understanding to govern the implementation of EIF project with the Ministry of Commerce and the International Trade Centre.

A Contractual Agreement will be developed between UNOPS and the International Finance Corporation for the Cambodia Country Office to implement the Milled Rice component.

See Annex 5.

VII.2 Fiduciary Responsibilities

The Structure of the Project (CEDEP-I) is described in the chart that follows. The structure shows two main reporting lines: “progress reporting on impacts and results” and “substantive and financial reporting”

- Substantive and financial reporting for delivery of outputs and results will follow a six-month schedule. Each MIE will report on substantive and financial progress directly to UNOPS as TFM;
- DICO/NIU will be responsible for consolidating information presented in the aforementioned substantive reports and present progress of CEDEP I to the Trade SWAp Implementation Committee and the NSC(SSC.TD.TRI) as per these two bodies requirements for information sharing and reporting;
- Each MIE will be responsible for preparing an output- and activity-based AWP and annual budget. The AWP will be reviewed with and endorsed by the Component Steering Committee (in the case of Milled Rice and High Value Silk) For more general and day-to-day reporting, the three MIEs will report to the MoC Secretary of State who serves as EIF Focal Point and, in the case of the rice and the silk components, to their respective “Sector Component Steering Committee.”
The chart also shows the teams that will be responsible for the day-to-day implementation of the three components, with the individual responsible for overall management of each team shown in bold:

- For IFC, management of the project component will be under the responsibility of the IFC project manager based in Phnom Penh. The project manager reports to the IFC Country Director.
- For ITC, management of the project component will be under the responsibility of the Trade Promotion Officer under the ITC’s Chief, Office for Asia and the Pacific. The Chief reports to the ITC Director in charge of the Division of Country Programmes.
- For DICO/NIU, management of the project component will be under the responsibility of the DICO Director, assisted by the EIF Tier 1 Manager (Coordinator.) The DICO Director reports to the MoC Secretary of State who serves as EIF Focal Point and to the Senior Minister, Minister of Commerce. (For more details, see also National Fiduciary Responsibility Framework in Annex V.)
CEDEP I – Reporting Structure/In-country + External

- Progress Reporting
- Subst./Fin. Reporting

- Sub-Steering Committee on TD&TRI (NSC)
  Chair: Sr Minister, Minister of Commerce

- EIF Focal Point
  Secretary of State, MoC

- Donor Facilitator

- Silk Component Steering Com./Silk Board once formed

- Trade SWAP Implementation Com. (IC)

- Rice Component Steering Com.

- IFC Rice

- Project Manager
  National Project Staff
  Senior Techn. Conslt.
  “Core team”

- DICO/NIU M&E

- DICO Director
  EIF Tier 1 Manager
  M&E Chief Office
  “Core Team”

- ITC Silk

- Chief, ITC Asia/Pacific Office
  ITC Desk Officer
  In-country Project Coordtr.
  National Project Staff
  “Core team”

- UNOPS/TFM EIF ES

- EIF ES
VII. 3 Financial and Fiduciary Management

For IFC: Recruitment, procurement, approval of payments, and accounting will follow IFC’s procurement and financial rules. In addition, they will be consistent with the terms agreed upon in the contractual arrangement between UNOPS and IFC.

- **Procurement** of goods and services will be done according to the The General Services Department (GSD) Corporate Procurement Policy and Procedures Guide dated February 1, 2002 (known hereafter as the "Manual") of World Bank group (including IBRD, IFC, MIGA and ICSID). The Manual governs the procurement of all goods and services, including consulting services, acquired on behalf of the Bank Group; and the standards of conduct for all Bank Group staff involved in the procurement process. As such IFC rules and procedures are following principles of competitiveness and transparency, as well as best price for quality.

Every staff in IFC is provided a computer. In addition, IFC also provide other office equipment (photocopy machine, fax, scanner, other) and office car following WBG/IFC standard. There will be overhead allocation to individual project of IFC to cover this administrative cost.

Selection and Use of Consultants by The World Bank Group for Operational Purposes is to promote fairness, transparency, and competition, while achieving efficiency and economy in the selection and use of consultants for operational work by the Bank Group regardless of the source of funds.

Operational consulting services must be selected following these Policies. The selection tool, WBG eConsultant2 (eConsultant2) will be mandatory for all Bank Group executed operational consultant selection processes. Operational consulting services include work on project identification, assisting in the appraisal, supervision, and final evaluation, economic and sector work, policy and program work, research, and operational training content and design.

- **Recruitment** of international and national staff will be done according to WBG Human Resources Policy. This policy apply to all staff member that is all persons appointed by the President to perform services for The World Bank or the IFC, except that, considering the particular characteristics of their appointments, the President may vary the application of these Principles to persons on Part Time, Temporary, Trainee, Consultant or Executive Director's Assistant appointments, or to any new types of appointment that may be established. The President shall ensure the observance of these Principles and shall develop, provide, and maintain such programs and Staff Rules consistent with these Principles, as he considers necessary to the efficient conduct of the Organizations' business.
Grant-making is an exceptional activity for IFC. IFC delivers advisory services primarily through the use of staff, with goods or services associated with the project procured in accordance with IFC policies and procedures. This approach helps to leverage IFC’s global expertise while providing high levels of fiduciary and other oversight. In limited circumstances, however, it may be appropriate to use grants made to third-parties as an instrument for delivering IFC advisory services or for other developmental purposes.

Grants may be made by IFC to third-parties only in the following circumstances:

(a) The grant is for the delivery of IFC advisory services or for some other developmental purpose that is consistent with IFC’s mission and strategic priorities;
(b) The use of grants for that purpose has been authorized by the donor or other relevant funding source;
(c) The alternative of achieving the intended purpose through the use of staff and/or goods and services procured in accordance with IFC procurement policies and procedures is not considered: (i) efficient; or (ii) appropriate given the nature of the relationship between IFC and the recipient of the grant;
(d) There has been adequate integrity due diligence of the recipient of the grant;
(e) There are adequate safeguards to ensure effective fiduciary oversight over the use of the grant, including arrangements relating to financial management, procurement and reporting; and
(f) There are adequate measures to monitor the development impact of the grant-funded activity.

For ITC: Recruitment, procurement, approval of payments, and accounting will follow ITC’s procurement and financial rules. In addition, they will be consistent with the terms agreed upon with UNOPS under the MoU.

Procurement of goods and services will also be done according to the United Nations Procurement Manual, Revision 6, March 2010. As such ITC rules and procedures are following principles of competitiveness and transparency, as well as best price for quality.

Two laptops will be purchased under the project. In addition, a vehicle (Toyota 4x4) purchased by ITC under a previous project will be made available for the project duration. The project will cover the costs related to maintenance, insurance and fuel costs of the project vehicle.

The vehicle will be under the custody of the ITC Project Coordinator. The vehicle will be used to facilitate the implementation of activities of the project (i.e. visits to the weaving sites for monitoring and training) and coordination.

Recruitment of international and national experts will be done according to ITC Human Resources Policy. According to ITC Guidelines on the Recruitment and Administration of Consultants “a consultant is an individual who is a recognized authority or expert in a professional field, with special skills or knowledge not possessed by ITC staff.”
Consultants perform result-orientated tasks of a temporary nature for which there is no continuing need within ITC and which ITC is unable to meet from within the staff”.

As much as possible, ITC will encourage the use of national/regional experts as part of the country ownership and regional capacity building enhancement. National and international consultants will be directly hired by ITC through a consultancy contract.

For national consultants, the hiring process could also be done through UNDP Country Office in Cambodia or a Memorandum of Understanding (MOU) with a local institution. The Office for Asia and the Pacific will identify and select from among a minimum of three candidates for each proposed assignment.

Typically, ITC uses three types of contracts: lump sum contract, monthly contract, and a work-day contract.

- **Grants:** Under the present project, a grant is a unique tool that combines fund decentralization, partners’ ownership, cost-effective implementation of activities, and capacity building provisions. A grant is a payment to a local Grantee counterpart entrusted to assist with the implementation of project activities.

Grants will be concluded (in particular for Outcome 2 under the Silk Component) with the Khmer Silk Villages (KSV), and/or other sector associations according to ITC’s procedures. The EIF Focal Point will be informed about proposed grants between ITC and local counterparts before its signature by both parties.

Grants will cover the costs related to the organization of village-based trainings for weavers, workshops, market orientation tours, operations of village-based purchasing units and other activities.

**ITC Grants approval process:**

- Below US$30,000: Approval by Director
- Between US$30,000 and US$50,000: Review by Legal and Financial Management Section
- Above US$50,000: ITC Grants Committee

For any grant ITC will carry out an assessment of the capacities and due diligence practices of the partner organisation. Subsequently, ITC and its partner will sign a Memorandum of Understanding describing the specifics of the grant agreement, which in turn will be monitored by ITC.

ITC established a Grant Committee to review and recommend to the Director of the Division of Programme Support grants in amounts of and above US$ 50,000. The Grant Committee currently consists of three members, chaired by the head of Financial Management, and five alternate members. Members and alternates of the Committee cannot sit when proposed grants from their own Division are represented.
For MoC (DICO/NIU): Recruitment, procurement, approval of payments, and accounting will follow RGC’s procurement and financial rules as stipulated in RGC’s *Procurement Manual*. They will follow the rules and instruments agreed upon with UNOPS under EIF Tier 1 and consolidated in Annex 6 below. In addition, they will be consistent with the terms agreed upon with UNOPS under the MoU. A short description of key instruments and rules are provided in the paragraphs that follow.

- **Recruitment:** The identification and designation of project implementation staff is based on open, transparent, and competitive principles to ensure that each project management position is staffed with the most competent and suitable candidate for the work involved. Top-level management skills, technical and personal capabilities are required irrespective of the nature of the project.

  All expression of interest for recruitment are posted on local media for local and international consultants and all recruitments are based on the ADB and the WB thresholds for various types of procurement. Generally speaking those thresholds follow the amounts set out in Annex V of the *Procurement Manual* for Externally Financed Projects/Programs in Cambodia.

- **Procurement** for the EIF will be carried out in accordance with the RGC - Ministry of Economic and Finance guideline “Procurement Manual.”

1. **Other expenditures:** Aside from contract payments, there are payments made for other expenditures for the project which are not covered by contracts. Examples of such expenditures are utility accounts such as electricity, water and telephone accounts. When utility bills are received they should be checked and verified by the accounting department. Expenses must be project related and must be reasonable. For control purposes, such expenditures should be budgeted for in the project expenditure budget for the year. These payments must be properly authorised by the NIU, FP and the Accounting Officer before payments are made. Payments should be made by check. Actual expenditures for such items must be compared against budgets and any significant variations should be properly analyzed and reported to Management through the monthly accounts.

2. **Financial Management:**

   1. All payments (Bank and Petty Cash) are approved by the Director
   2. A single payment of US$ 200 and less is made from the Petty Cash

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3. Any amount of more than US$ 200 is paid by a Bank Cheque
4. Cheques, Money Transfers, Cash Withdrawals of US$ 2,000 or less are signed by the Director of DICO
5. Cheques, Money Transfers, Cash Withdrawals of US$ 30,000 or less are signed by the Secretary of State or, alternatively, by the Director General for International Trade
6. Cheques, Money Transfers, Cash Withdrawals for more than US$ 30,000 are signed by the Secretary of State or, alternatively, by the Director General for International Trade
7. Minor purchases / Operating Expenses: Approved by DICO director

3. Expenditure Approval Thresholds:

Expenditures approval thresholds are established in the RGC’s *Procurement Manual*, page 175.

VII.4 Audit Requirements

Each MIE will follow the Audit Requirements of its own organization. Audits will be consistent with the terms agreed upon with UNOPS.

For IFC:

For all World Bank Group’s (WBG) Trust Funds, IFC follows single audit framework for trust funds approved on February 11, 2009 by the Audit Committee of the WBG.

This audit framework for trust funds was first outlined by management at the 2008 Donor Forum. In summary, the WBG issued at the beginning the WBG fiscal year FY2009, in addition to the annual management assertion over internal controls, a combined financial statement for all cash–based trust fund. These reports are supported by two separate audit reports from the external auditor: (1) on the internal controls surrounding the preparation of cash-based trust fund financial reports; and (2) on the combined trust fund financial statement.

This is a positive development in the context of financial reporting for cash-based trust fund because the new combined financial statement provides donors with the additional assurance of a financial statement audit. In addition, the new framework should eliminate the need for individual financial statement audits for many of the small and medium sized trust funds which are costly to produce, have limited value, and in the case of those trust funds requiring a completion audit (i.e., at the end of the trust fund life cycle, generally a two-to six-year period), are not as timely as an annual financial statement audit.

It is important to note that under the new single audit framework, an annual independent audit of the combined cash-based trust funds together with the contractually required annual financial statement audits of the large funds means that all trust funds are now subject to a financial statement audit every year, without exception.
This single audit framework applies to all cash-based trust funds under administration of the WBG, including IFC, effective from the WBG’s fiscal year FY2009, and replaces the existing audit framework which requires annual, completion and/or other special audits of trust funds in accordance with certain Administration Agreement between the WBG and Donor.

For ITC:

ITC is subject to the Financial Regulations and Rules of the United Nations, and ITC’s financial statements are “certified and reported to the General Assembly and the General Council of the WTO by the Controller of the UN”. ITC has been granted broad delegation of authority for administering the UN Financial Rules.

ITC’s accounts are audited by the Office of Internal Oversight Services (OIOS) and by the United Nations Board of Auditors in accordance with UN financial rules and regulations.

ITC will provide EIF TFM with financial reports prepared in accordance with the UN accounting procedures and in line with ITC standard reporting procedures.

For more information with regards to EIF-specific financial and fiduciary management expected from ITC, please refer to the Memorandum of Understanding between the ITC and the EIF Trust Fund Manager, signed on 9 July 2009.

For MoC (DICO/NIU):

Internal audits are regularly conducted by an independent internal audit unit in the institution in which a project is located. Internal auditing procedures follow the Auditing Law of Cambodia promulgated by Royal Decree No. CS/RKM/1300/10 dated 10 March 2000. This unit must be adequately staffed with qualified and experienced staff.

Based on a recent WB appraisal, the Internal Audit Department (IAD) of the Ministry of Commerce was established in late 2007. At the time EIF Tier 1 was launched, IAD has eight staffs with a diverse background but all with limited financial and internal audit experience. The number of head count was expected to increase to twelve by mid 2010, adding four more fresh graduates. It was agreed that resources under the TDSP Project would be made available to strengthen the Internal Audit of the Ministry. The support should be in the form of technical assistance by appointing an Internal Audit Advisor under TDSP to assist the IAD in formulating its strategic plan and a risk based annual plan and in providing on the job-training to build the capacity of the internal audit staffs. This Department will review internal control systems and make recommendations on how to strengthen them, including those related to the Project. The status of internal audit recommendation shall be provided in the separate section of quarterly IFRs to the Bank and MEF.

For external audits, it has been agreed that external audits for EIF Funding will be jointly contracted with the WB TDSP on an annual basis. Such audits will results in annual financial statements in accordance with International Standards on Auditing based on TOR acceptable to the EIF Trust Fund and IDA. The financial statements will be on a cash basis and reflect receipts, payments (by disbursement categories) and fund balance for current reporting period, the cumulative period from the project commencement date, compared with the budget. EIF
Trust Fund may require reviewing working documents of the auditor’s for satisfaction where necessary. The financial audit of the project is included in the five years scope of audit bundling. The cost of the audit will be partially financed from EIF Trust Fund proceeds. Thus far, Ernst & Young Cambodia has carried out three external audits for TDSP and two external audits for EIF Tier 1.

VII. 5 Monitoring and Evaluation

1. As indicated previously, each MIE will report directly to UNOPS by means of 6-month substantive (focusing on delivery of activities and outputs) and financial report. In addition, each MIE will be responsible for the preparation of an AWP and matching annual budget.

2. MoC (DICO/M&E Unit) will be responsible for preparing and presenting reports focusing on CEDEP I progress to the Trade SWAp Governing Structure, including its Implementation Committee and the S-SC.TD.TRI/NSC. These reports will be based on the substantive reports prepared for UNOPS. The DICO Core Team members associated with the Core Teams for Milled Rice and for High Value Silk will play a key role to ensure good flow of information with the two MIEs.

3. MoC (DICO/M&E Unit) will be responsible for organizing the mid-term and final independent evaluations. To do so, DICO/M&E Unit will work closely with IFC and ITC to develop ToRs, identify possible independent evaluators, select evaluators, organize missions of the evaluators, and review and comment on draft reports.

Monitoring and Evaluation will be consistent with the Trade SWAp relevant KPIs identified in the Road Maps and the additional indicators identified in the log frames contained in this project document (The applicable Trade SWAp KPIs have been included in the log frames included in this document for ease of reference.)

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ANNEX 1: Strategic Framework of Trade SWAp Cambodia

STRATEGIC FRAMEWORK of Trade SWAp CAMBODIA

Trade SWAp Goals

- Job creation and poverty reduction impacted positively by trade expansion
- Exports expand as a result of diversification
- RGC increases capacity to formulate, implement trade policies and strategies
- RGC’s responsiveness to private sector needs increases as a result of better dialogue
- RGC improves its planning, implementation and monitoring capacity by implementing Trade SWAp

Trade SWAp Goal 1:  
Trade SWAp Goal 2:  
Trade SWAp Goal 3:  
Trade SWAp Goal 4:  
Trade SWAp Goal 5:  

Pillar Outcomes

Pillar I: Reforms and Cross-cutting Issues for Trade Development
  Strengthen competitiveness of current exports, promote export diversification by improving formulation and implementation of trade policies and regulations.
  Pillar I Outcome 1: Products safety and quality improve with a positive impact on export and public health.

PIO 2: Trade flows increase as a result of more simple and more transparent import, export and transit procedures and processes.
PIO 3: Exports of products protected under Cambodian IPR regime increases.
PIO 4: The trade related legal system is upgraded and completed in compliance with international standards and obligations.
PIO 5: Trade related investment increases.
PIO 6: Respect of core labour standards improves competitiveness and productivity of export.
PIO 7: SMEs, particularly in agriculture, get easier and formal access to credit to scale up their activities and improve export performance.

Pillar I: Product and Service Sector Export Development
  Strengthen supply capacity of the 19 product and service sectors identified in Cambodia Trade Integration Strategy 2007.
  P2O 1: RGC is equipped with tools and information to guide development and formulation of export-oriented policies, monitor progress, and identify for TTA and ART. Current Task Team: Value Chain Information Unit.

P2O 2: The delivery of Trade Support Services at the local level is improved through strengthened business associations, local chambers of commerce, PDOCs, government extension services, public-private dialogue, G-PSF, etc. Current Task Team: Trade Support Institutions and PPPD.
P2O 3: Exports are successfully diversified and expanded in many of the 19 Sectors identified in RGC’s 2007 Trade Integration Strategy, including by targeting new markets or moving up value chains. Task Teams focusing on individual products and services (currently 8 task teams).

Pillar II: Capacity Development
  Strengthen the capacity of 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
  P3O 1: Capacity of RGC to integrate, coordinate, implement trade sector related reforms.

P3O 2: Effective approach for development and implementation of trade policies is in place.
P3O 3: Core institutional systems and skills in place to ensure effective performance of trade-related institutions.
P3O 4: Wide awareness of Trade SWAp opportunities and results among stakeholders.
P3O 5: Trade negotiations capacity of designated RGC institutions strengthened.
# ANNEX 2:  
WORK PLAN FOR THE DESIGN, DEVELOPMENT, AND SUBMISSION OF CAMBODIA EIF TIER 2-CEDEP I 
Cambodia Exports Diversification and Expansion Program I (CEDEP I) 
VALID: March 21, 2012

<table>
<thead>
<tr>
<th>#</th>
<th>ACTIONS</th>
<th>OBJECTIVES</th>
<th>RESPONSIBLE</th>
<th>PROPOSED DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Internal consultations with SWAP Implementation Committee Meeting</td>
<td>Fine-tune the list of key sectors and areas to be considered under Tier 2 proposal, based on Pillar 2 Road Map</td>
<td>D/ICO</td>
<td>September 23, 2011</td>
</tr>
<tr>
<td>2</td>
<td>Review existing project proposals against SWAp objectives</td>
<td>Ensure coherence between SWAP road maps and existing proposals submitted to the MoC</td>
<td>D/ICO</td>
<td>From November 1, 2011</td>
</tr>
<tr>
<td>3</td>
<td>Entry On Duty of International consultant</td>
<td>Develop programme components with corresponding agencies or stakeholder, ensuring conformity with EIF Tier 2 guidelines, using inputs from stakeholders and select appropriate implementing entity</td>
<td>Sven Callebaut</td>
<td>From November 7, 2011</td>
</tr>
<tr>
<td>4</td>
<td>Monthly meeting with EIF DF, with participation of Tier 2 consultant</td>
<td>Update UNDP on status of Tier 2 project development and recent meeting of EIF FP with the EIF Executive Director</td>
<td>Suon Prasith</td>
<td>November 8, 2011</td>
</tr>
<tr>
<td>5</td>
<td>Consult with Sr. Minister to get his guidance on selection of sectors and structure of Tier 2 proposal</td>
<td>Get guidance on sectors to target under Tier 2, Tier 2 approach, and general information-sharing with Sr. Minister</td>
<td>HE Pan Sorasak</td>
<td>November 13, 2011</td>
</tr>
<tr>
<td>6</td>
<td>Tea &amp; Cookie meeting with DPs</td>
<td>Update DPs on progress under SWAp, EIF Tier 1 and preparations for EIF Tier 2</td>
<td>Suon Prasith</td>
<td>November 15, 2011</td>
</tr>
<tr>
<td>7</td>
<td>Broad Stakeholders Consultations (Pillar 2 WG, Line Ministries, Private Sector representations, UN agencies)</td>
<td>Present initial findings and project outline to relevant stakeholders to fine-tune the proposed methodology, approach and partners selection</td>
<td>Suon Prasith</td>
<td>November 16, 2011</td>
</tr>
<tr>
<td>8</td>
<td>Present preliminary findings and orientations with SWAP IC</td>
<td>Obtain government buy-in and ensure coordination with other on-going programmes</td>
<td>International and National Consultants</td>
<td>November 24, 2011</td>
</tr>
<tr>
<td>#</td>
<td>Activity Description</td>
<td>Description</td>
<td>Responsible Party</td>
<td>Date</td>
</tr>
<tr>
<td>----</td>
<td>-------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>9</td>
<td>Submission of first draft project document by Tier 2 consultants</td>
<td>Gather comments and feedback from various stakeholders on current proposal</td>
<td>International and National Consultants</td>
<td>November 25, 2011</td>
</tr>
<tr>
<td>10</td>
<td>Presentation of first draft project document to local Development Partners and stakeholders</td>
<td>Gather comments and feedback from various stakeholders on current proposal</td>
<td>Suon Prasith</td>
<td>November 30, 2011</td>
</tr>
<tr>
<td>11</td>
<td>Presentation of the project document contents to the Senior Minister, Minister of Commerce</td>
<td>Seek endorsement of project proposal contents (sectors, implementing entities, timeline)</td>
<td>HE Pan Sorasak</td>
<td>December 1, 2011</td>
</tr>
<tr>
<td>12</td>
<td>Submission of first round of comments and feedback on the first draft proposal to Tier 2 consultants</td>
<td>Provide up-to-date comments and feedback from all stakeholders to the EIF Tier 2 consultants for revision of first draft</td>
<td>Suon Prasith</td>
<td>December 5, 2011</td>
</tr>
<tr>
<td>13</td>
<td>Submission of second draft project document by Tier 2 consultants</td>
<td>Incorporate comments from all stakeholders on first draft into a second draft for MoC to submit to EIF Sec during December WTO Ministerial Conference</td>
<td>International and National Consultants</td>
<td>December 8, 2011</td>
</tr>
<tr>
<td>14</td>
<td>Submission of the second draft proposal to the EIF ES (Phase 1 of EIF Tier 2 critical road)</td>
<td>Adhere to EIF sequential route for approval of Tier 2 proposals, triggering TFM Mission (after TPR meeting)</td>
<td>H.E. Pan Sorasak</td>
<td>December 10, 2011</td>
</tr>
<tr>
<td>15</td>
<td>TFM Fiduciary Capacity Assessment Mission to Cambodia</td>
<td>Review proposed Tier 2 implementation arrangements and relevant fiduciary matters with MoC, EIF DF and relevant stakeholders</td>
<td>UNOPS and EIF ES</td>
<td>January 2012</td>
</tr>
<tr>
<td>16</td>
<td>Sharing of comments/recommendations from TFM and EIF ES with TAC2 members and relevant stakeholders for their review/comment if any</td>
<td>Review with relevant stakeholders comments prepared by TFM and EIF ES for additional comments, if any</td>
<td>Suon Prasith</td>
<td>February 2012</td>
</tr>
<tr>
<td>17</td>
<td>Sharing of comments/recommendations from TFM and EIF ES with Sr. Minister for his review/comment if any</td>
<td>Review with relevant stakeholders comments prepared by TFM and EIF ES for additional comments, if any</td>
<td>H.E. Pan Sorasak</td>
<td>February 2012</td>
</tr>
<tr>
<td>18</td>
<td>Submission of second round of comments and feedback on second draft proposal to Tier 2 consultants</td>
<td>Provide up-to-date comments and feedback from TFM, EIF ES and all stakeholders to the EIF Tier 2 consultants for revision of second draft into final document</td>
<td>Suon Prasith</td>
<td>February 2012</td>
</tr>
<tr>
<td></td>
<td>Visit by EIF ES to Cambodia</td>
<td>Review CEDEP I project proposal and provide guidance on CEDEP II proposal</td>
<td>Ms. Hang Tran</td>
<td>April 9-12, 2012</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------</td>
<td>------------------------------------------------------------------</td>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>20</td>
<td>Preparation of final project document incorporating EIF ES and UNOPS’ recommendations and other recommendations (if any)</td>
<td>Prepare a final version of the project document and annexes for endorsement at TAC2 meeting</td>
<td>International and National Consultants</td>
<td>April 20, 2012</td>
</tr>
<tr>
<td>21</td>
<td>TAC2 meeting</td>
<td>Formal endorsement of Tier 2 final proposal by development partners, in cooperation with EIF Focal Point and DF</td>
<td>HE Pan Sorasak</td>
<td>May 4, 2012</td>
</tr>
<tr>
<td>22</td>
<td>Sub-Steering Committee on Trade and Trade Related Investment</td>
<td>Formal endorsement of Tier 2 final proposal by National Steering Committee</td>
<td>HE Pan Sorasak</td>
<td>May 17, 2012</td>
</tr>
<tr>
<td>23</td>
<td>Signature of Senior Minister as chairman of SSC.TD.TRI, EIF Focal Point, and EIF Donor Facilitator</td>
<td>Transmission of final proposal signed by Sr. Minister and DF to EIF ES for submission to EIF Board</td>
<td>HE Pan Sorasak</td>
<td>May 17, 2012</td>
</tr>
<tr>
<td>24</td>
<td>Formal submission of Tier 2 project document to EIF ES for consideration by the EIF EB</td>
<td>The document is transmitted to the EIF ES for submission and endorsement by the EIF Executive Board</td>
<td>HE Pan Sorasak</td>
<td>May 18, 2012</td>
</tr>
</tbody>
</table>
ANNEX 3:
Detailed Budgets by Outputs for each Component

The budgets prepared for the three components conform to the rate sheet adopted by TDSP and EIF Tier 1 in Cambodia.

The rate scale for national staff employed by a UN agency conforms to the local UN country scale.

The rate scale for top-up of government officials under a POC scheme conforms to the scale adopted under POC (the budget shown uses an “average” rate as it is not possible at this early stage to determine exactly the grade of the individuals that might be selected for POCs.

See Annex 4.
Table 4: Budget by Outputs: Milled Rice

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Inputs</th>
<th>Unit costs</th>
<th>Quantity</th>
<th>Cost (US$)</th>
<th>Stakeholders Contributions (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preparatory Quarter and Project Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 International project manager</td>
<td></td>
<td></td>
<td>9 months</td>
<td>105,894</td>
<td></td>
</tr>
<tr>
<td>2 National technical staff</td>
<td></td>
<td></td>
<td>4.5 months</td>
<td>13,500</td>
<td></td>
</tr>
<tr>
<td>1 Intl Senior Technical Consultant</td>
<td>$600/day</td>
<td>30 days</td>
<td>18,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Administrative staff</td>
<td>$600/day</td>
<td>36 months</td>
<td>45,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch meeting with stakeholders</td>
<td>$20/pax/day</td>
<td>30 pax</td>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total Preparatory and Project Management</strong></td>
<td></td>
<td></td>
<td></td>
<td>182,994</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 1</strong>: The Enabling Environment for the Cambodian Private Sector to meet the Government’s targets for Milled Rice exports is enhanced and sustained through the creation of an Association of Rice Exporters and enhanced G-PS dialogue on Rice exports in G-PSF or other venues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output 1</strong></td>
<td>6 TWG, 12 meetings, 10 pax/1/2 day meeting</td>
<td>$10/pax</td>
<td>120 pax</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td><strong>Output 2</strong></td>
<td>International consultant for updating milled rice value chain (based on mapping in rice policy)</td>
<td>$600/day</td>
<td>30 days</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td><strong>Output 3</strong></td>
<td>National consultant for updating milled rice value chain (based on mapping in rice policy)</td>
<td>$250/day</td>
<td>30 days</td>
<td>7,500</td>
<td></td>
</tr>
<tr>
<td><strong>Output 3</strong></td>
<td>Travel and other logistical expense for updating milled rice value chain (based on mapping in rice policy) (incl. air fare and DSA of intl consultant, in-country and possible regional travel and DSA of intl and national consultants)</td>
<td>Lump sum</td>
<td></td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td><strong>Output 3</strong></td>
<td>Publication of VC study (print + layout)</td>
<td>$6.5</td>
<td>1200 copies</td>
<td>7,800</td>
<td></td>
</tr>
<tr>
<td><strong>Output 3</strong></td>
<td>Thai REA visit for 16 participants-</td>
<td>$750</td>
<td>16</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Output</td>
<td>Description</td>
<td>Method</td>
<td>Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel and DSA</td>
<td>Lump sum</td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cambodia Rice Exporter Association website</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output 4</strong></td>
<td>6 Consultation meetings, 30 pax/1 day meeting</td>
<td>$20/pax</td>
<td>180</td>
<td>3,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 VC update workshop, 40 pax/1-1/2 day meeting</td>
<td>$30/pax</td>
<td>150</td>
<td>4,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All outputs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Intl Senior Technical Consultant</td>
<td>$600/day</td>
<td>120 days</td>
<td>72,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 National technical staff</td>
<td></td>
<td>12 months</td>
<td>36,000</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total outcome 1</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>185,600</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Outcome 2:** Cambodian Rice Millers are successful in identifying several new major import market opportunities (in addition to EU and Russia) and signing contracts in at least three new markets.

<table>
<thead>
<tr>
<th>Output 1</th>
<th>Int’l buyers directory with interest in CMB rice</th>
<th>Lump sum</th>
<th>1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market research “Romdul” consultant</td>
<td>$600/day</td>
<td>10 days</td>
</tr>
<tr>
<td></td>
<td>Intl Consultant for Detailed Market Potential Studies for 5 Markets</td>
<td>$600/day</td>
<td>25 days</td>
</tr>
<tr>
<td><strong>Outputs 1 thru 4</strong></td>
<td>Publication</td>
<td>$6.5</td>
<td>1200 copies</td>
</tr>
</tbody>
</table>

| Outputs 5 and 6 | 9 W/S preparing for prospecting missions & participation in trade fairs 1 day, 15 pax | $20/pax | 135 | 2,700 |
| **Output 5** | 3 market prospecting missions. 12 participants (2 project + 2 officials + 8 millers) | $50,000/mission | 3 missions | 150,000 |
|          | 4 Meetings with foreign buyers. 30 pax/meetg | $20/pax | 120 | 2,400 |
| **Output 6** | Participation to 6 trade fairs (@3 days) x 3 participants. DSA + airfare | $2000/participant | 18 | 36,000 |
| **Outputs 5 and 6** | 9 debriefing and sharing meetings in PNH @ 30 pax: | $20/pax | 270 | 5,400 |
### All outputs

<table>
<thead>
<tr>
<th>Output</th>
<th>Description</th>
<th>Unit Cost</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Intl Senior Technical Consultant</td>
<td>$600/day</td>
<td>120 days</td>
<td>72,000</td>
<td></td>
</tr>
<tr>
<td>2 national staff</td>
<td></td>
<td>12 months</td>
<td>36,000</td>
<td></td>
</tr>
</tbody>
</table>

**Sub-total outcome 2**  
334,300

### Outcome 3: Cambodian Rice Millers are successful completing export contracts in the three targeted markets by meeting quantities, quality, and price requested by importers, especially with respect to fragrant rice which is developed as the leading Cambodian rice brand and meeting SPS standards requested by importers.

<table>
<thead>
<tr>
<th>Output</th>
<th>Description</th>
<th>Unit Cost</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Intl Senior Technical Consultant</td>
<td>$600/day</td>
<td>90 days</td>
<td>54,000</td>
<td></td>
</tr>
<tr>
<td>2 national staff</td>
<td></td>
<td>12 months</td>
<td>36,000</td>
<td></td>
</tr>
</tbody>
</table>

**Sub-total outcome 3**  
276,000

Rent, sundries and office support (8%)  
78,311

Admin cost for HQ (5%)  
55,642

**Total**  
$1,112,847  $408,000

### In-kind Contribution by IFC

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit Cost</th>
<th>Quantity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Manager</td>
<td>$11,766/month</td>
<td>9 months</td>
<td>$105,894</td>
</tr>
<tr>
<td>National Project Staff</td>
<td>3000/month</td>
<td>14 months</td>
<td>$42,000</td>
</tr>
</tbody>
</table>

**Sub-total**  
$147,894

Rent, sundries and office support (8%)  
$11,831

**Total**  
$159,725
## Budget by Output: High Value Silk

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Inputs</th>
<th>Unit cost</th>
<th>Quantity</th>
<th>Cost</th>
<th>Nat'l counterparts</th>
<th>Cost contribution by counterparts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome #1: Market Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output 1.1</strong> Export potential and key export markets for high value handmade silk products identified and supply capacity analyzed</td>
<td><strong>Total Output 1.1</strong></td>
<td></td>
<td></td>
<td><strong>375,400</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Int’l consultants (2)</td>
<td>500/d</td>
<td>20</td>
<td>10’000</td>
<td>MoC, TPD VC Unit, MoT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Int’l consultant (1)</td>
<td>600/d</td>
<td>50</td>
<td>30,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>National consultant</td>
<td>1800/m</td>
<td>3</td>
<td>5’400</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Research assistants (2)</td>
<td>1200/m</td>
<td>8</td>
<td>9,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel and DSA Int’l consultants</td>
<td>7000</td>
<td>2</td>
<td>14,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel and DSA National consultant (lump sum)</td>
<td>600</td>
<td>4</td>
<td>2,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Workshop costs (venue, interpretation, printing)</td>
<td>3000</td>
<td>1</td>
<td>3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output 1.2</strong> Marketing capacities of selected exporters strengthened and export marketing tools elaborated</td>
<td><strong>Total Output 1.2</strong></td>
<td></td>
<td></td>
<td><strong>59’600</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Int’l consultants (2)</td>
<td>400/d</td>
<td>60</td>
<td>24’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>National consultant</td>
<td>1’800/m</td>
<td>10</td>
<td>18’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel and DSA Intl consultant</td>
<td>7000</td>
<td>2</td>
<td>14’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Workshop costs (3)</td>
<td>1200</td>
<td>3</td>
<td>3600</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output 1.3</strong> Export and sales opportunities created in selected foreign and tourism market</td>
<td><strong>Total Output 1.3</strong></td>
<td></td>
<td></td>
<td><strong>241’400</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ITC Adviser</td>
<td>19,000/m</td>
<td>4</td>
<td>76’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Int’l consultant (PP based)</td>
<td>290</td>
<td>140</td>
<td>40’600</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel and DSA Int’l consultant (lumpsum)</td>
<td>800</td>
<td>3</td>
<td>2’400</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Int’l market development consultant (EU based)</td>
<td>400</td>
<td>50</td>
<td>20’000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regional travel DSA Int’l market</td>
<td>1’200</td>
<td>4</td>
<td>4’800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>development consultant</td>
<td>27’000</td>
<td>2</td>
<td>54’000</td>
<td>Per diem and accommodation covered by participants (2x8 partic.) $24,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>--------</td>
<td>---</td>
<td>--------</td>
<td>-------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Trade fair visit (booth rental, decoration)</td>
<td>8’000</td>
<td>2</td>
<td>16’000</td>
<td>Transport, Per diem and accommodation covered by participants (2x8 partic.) $16,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Int’l Consultant</td>
<td>400</td>
<td>60</td>
<td>24’000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workshop Costs</td>
<td>1200</td>
<td>3</td>
<td>3600</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome #2: Product Development</th>
<th>104’800</th>
<th>KSV, MoWA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 2.1</strong> Skills of exporters in product innovation and design development strengthened</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Output 2.1</strong></td>
<td>45’300</td>
<td></td>
</tr>
<tr>
<td>National consultant</td>
<td>1800</td>
<td>8</td>
</tr>
<tr>
<td>Int’l consultant</td>
<td>400</td>
<td>30</td>
</tr>
<tr>
<td>Travel &amp; DSA Int’l consultant</td>
<td>7000</td>
<td>1</td>
</tr>
<tr>
<td>Study tour for designers to neighbouring countries (flight, DSA)</td>
<td>1190/person</td>
<td>10</td>
</tr>
</tbody>
</table>

| **Output 2.2** Improved vertical integration of silk value chain and enhanced technical skills of weaving communities to enable production of high quality handmade silk products in larger quantities | |
| **Total Output 2.2** | 47’200 | |
| National consultants | 1800 | 4 | 7’200 | |
| Grant MOU to silk weaver association (selection of weaver, training, study tours, spec card preparation, purchasing unit operations…etc) | 40’000 | 1 | 40’000 | |

| **Output 2.3** Quality and traceability of silk yarn imports ensured | |
| **Total Output 2.3** | 12’300 | |
| Int’l consultant | 500 | 20 | 10’000 | |
| National consultant | 1,800/m | 1 | 1800 | |
| Travel and DSA National consultant (lumpsum) | 500 | 1 | 500 | |
### Outcome #3: Silk Sector Coordination and Strategy

#### Output 3.1 National Silk Board and Silk Secretariat have been created. Working groups of stakeholders have been formed around key silk sector development issues

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (CHF)</th>
<th>Hours</th>
<th>Rate (CHF/h)</th>
<th>Total (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Output 3.1</td>
<td></td>
<td></td>
<td></td>
<td>21'000</td>
</tr>
<tr>
<td>Project coordinator and assistant (budgeted under project coordination unit)</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Workshops and meetings</td>
<td>6,000</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional / legal adviser</td>
<td>15'000</td>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Output 3.1</strong></td>
<td>102'200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MoC, National Silk Board, Silk Board Secretariat</strong></td>
<td></td>
<td></td>
<td></td>
<td>180'200</td>
</tr>
<tr>
<td><strong>Staffing and operational costs (venue, equipment, etc) for Silk Board Secretariat, ($4,000/month)</strong></td>
<td></td>
<td></td>
<td></td>
<td>$144,000</td>
</tr>
</tbody>
</table>

#### Output 3.2 Silk Sector Strategy and Plan of Action developed with stakeholders

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (CHF)</th>
<th>Hours</th>
<th>Rate (CHF/h)</th>
<th>Total (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Output 3.2</td>
<td></td>
<td></td>
<td></td>
<td>57'000</td>
</tr>
<tr>
<td>Senior ITC Adviser</td>
<td>23’000</td>
<td>1</td>
<td></td>
<td>23’000</td>
</tr>
<tr>
<td>ITC Adviser</td>
<td>19’000</td>
<td>2</td>
<td></td>
<td>38’000</td>
</tr>
<tr>
<td>Int’l Expert (same as under Output 1.1)</td>
<td>500</td>
<td>10</td>
<td></td>
<td>5000</td>
</tr>
<tr>
<td>Travel ITC Staff</td>
<td>1800</td>
<td>4</td>
<td></td>
<td>7’200</td>
</tr>
<tr>
<td>National Consultant</td>
<td>1500</td>
<td>3</td>
<td></td>
<td>4500</td>
</tr>
<tr>
<td>Translation</td>
<td>5000</td>
<td>1</td>
<td></td>
<td>5000</td>
</tr>
<tr>
<td>Printing</td>
<td>500</td>
<td>300</td>
<td></td>
<td>1500</td>
</tr>
<tr>
<td>Training workshop</td>
<td>1500</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Output 3.3</strong></td>
<td>242’140</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MoC</strong></td>
<td></td>
<td></td>
<td></td>
<td>242’140</td>
</tr>
<tr>
<td><strong>- Office rent &amp; maintenance (+$650/m) x Preparatory Quarter and Project coordination</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Output 3.3 Effective implementation management and monitoring framework established

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (CHF)</th>
<th>Hours</th>
<th>Rate (CHF/h)</th>
<th>Total (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Output 3.3</td>
<td></td>
<td></td>
<td></td>
<td>242’140</td>
</tr>
<tr>
<td>Senior ITC Adviser</td>
<td>23’000</td>
<td>0.5</td>
<td></td>
<td>11’500</td>
</tr>
<tr>
<td>ITC Adviser</td>
<td>19’000</td>
<td>1.5</td>
<td></td>
<td>28’500</td>
</tr>
<tr>
<td>Travel ITC Staff</td>
<td>6000</td>
<td>2</td>
<td></td>
<td>12’000</td>
</tr>
<tr>
<td>Strategy launch ceremony</td>
<td>2000</td>
<td>1</td>
<td></td>
<td>2000</td>
</tr>
<tr>
<td>Training workshop</td>
<td>1500</td>
<td>2</td>
<td></td>
<td>3000</td>
</tr>
<tr>
<td><strong>Total Output 3.3</strong></td>
<td>242’140</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MoC</strong></td>
<td></td>
<td></td>
<td></td>
<td>242’140</td>
</tr>
<tr>
<td><strong>- Office rent &amp; maintenance (+$650/m) x Preparatory Quarter and Project coordination</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### National Travel 4500/year 3 13’500

- Electricity costs
- Internet

### Intl’ Travel by HQ staff 5000/trip 8 40’000

### Project Equipment (PCs, printer) 3000/year 1 3000

### Car maintenance (including fuel) 100/month 12*3 3600

### Project website (upgrade in second language (KHM) and domain hosting) 1100/year 3 3300

### Operational cost (stationary printer, Toner, mailings, miscellaneous) 4500/year 3 13’500

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Assistant (G5)</td>
<td>25 w/d</td>
<td>20 w/d</td>
<td>20 w/d</td>
<td>46,150</td>
</tr>
<tr>
<td></td>
<td>17,750</td>
<td>14,200</td>
<td>14,200</td>
<td></td>
</tr>
<tr>
<td>Trade Promotion Officer (P 3)</td>
<td>30 w/d</td>
<td>30 w/d</td>
<td>30 w/d</td>
<td>97,200</td>
</tr>
<tr>
<td></td>
<td>32,400</td>
<td>32,400</td>
<td>32,400</td>
<td></td>
</tr>
<tr>
<td>Chief, Supervising officers (P5)(OAP ,ES, SC)</td>
<td>10 w/d</td>
<td>8 w/d</td>
<td>6 w/d</td>
<td>34,800</td>
</tr>
<tr>
<td></td>
<td>14,500</td>
<td>11,600</td>
<td>8,700</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>64,650</td>
<td>58,200</td>
<td>55,300</td>
<td>$178,150</td>
</tr>
</tbody>
</table>

**Grand Total** $1,004,347

<table>
<thead>
<tr>
<th></th>
<th>Subtotal</th>
<th>Sundry (4%)</th>
<th>Support Cost (7%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>902,540</td>
<td>36,101.6</td>
<td>65,704.9</td>
<td></td>
</tr>
</tbody>
</table>

**In-Kind Contribution by ITC**

### Govt Contr. $167,400

### PS Contr. $40,000
### Budget: Evaluation Function Component and Core Teams

<table>
<thead>
<tr>
<th>Strategy of Intervention</th>
<th>Inputs</th>
<th>Unit Cost ($)</th>
<th>Quantity</th>
<th>Cost</th>
<th>Counterpart</th>
<th>Contribution from Counterpart</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact #1</strong> Enhancing the Government’s ability to lead and drive its Aid for Trade as a means to strengthen the effectiveness of the mainstreaming of Trade in its development policies and development of its institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome #1:</strong> Strengthen the NIU’s capacity to monitor and evaluate progress made under Trade SWAp, including evaluating impacts and results of technical assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output #1:</strong> A mid-term independent evaluation of CEDEP I is organized and carried out</td>
<td>1 Intl Evaluator&lt;br&gt;1 Natl Evaluator&lt;br&gt;Intl DSA&lt;br&gt;Intl transport&lt;br&gt;Local DSA&lt;br&gt;Local transport&lt;br&gt;1 NIU staff</td>
<td>$800/day&lt;br&gt;$300/day&lt;br&gt;$125/day&lt;br&gt;lumpsum&lt;br&gt;$20/day&lt;br&gt;lumpsum</td>
<td>40 days&lt;br&gt;40 days&lt;br&gt;30 days&lt;br&gt;30 days&lt;br&gt;10 days&lt;br&gt;10 days</td>
<td>$32,000&lt;br&gt;$12,000&lt;br&gt;$3,750&lt;br&gt;$6,000&lt;br&gt;$200&lt;br&gt;$1,000</td>
<td>NIU</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Output #2:</strong> A final independent evaluation of CEDEP I is organized and carried out</td>
<td>2 Intl Evaluators&lt;br&gt;2 Natl Evaluators&lt;br&gt;Intl DSA&lt;br&gt;Intl transport&lt;br&gt;Local DSA&lt;br&gt;Local transport&lt;br&gt;2 NIU staff</td>
<td>$800/day&lt;br&gt;$300/day&lt;br&gt;$125/day&lt;br&gt;lumpsum&lt;br&gt;$20/day&lt;br&gt;lumpsum</td>
<td>60 days&lt;br&gt;60 days&lt;br&gt;40 days&lt;br&gt;40 days&lt;br&gt;10 days&lt;br&gt;10 days</td>
<td>$48,000&lt;br&gt;$18,000&lt;br&gt;$5,000&lt;br&gt;$6,000&lt;br&gt;$200&lt;br&gt;$2,000</td>
<td>NIU</td>
<td>$600</td>
</tr>
<tr>
<td><strong>Sub-total Outcome #1</strong></td>
<td></td>
<td></td>
<td></td>
<td>$134,150</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome #2:</strong> Strengthening the NIU’s capacity to disseminate progress and results of technical assistance under Trade SWAp</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output #1:</strong> Findings from monitoring of project results and impacts are explained and disseminated once a year through four regional workshops</td>
<td>1 NIU&lt;br&gt;Natl DSA/team (2)&lt;br&gt;30 participants/mtg</td>
<td>$20/day&lt;br&gt;$20/pax</td>
<td>12 x 5 days&lt;br&gt;72 days</td>
<td>$1,440&lt;br&gt;$7,200</td>
<td>NIU</td>
<td>$900&lt;br&gt;$1,080</td>
</tr>
<tr>
<td><strong>Output #2:</strong> Findings from evaluations (mid-term and final) are published and disseminated within Cambodia and to the international community</td>
<td>1 NIU&lt;br&gt;Natl DSA/team (2)&lt;br&gt;30 participants/mtg&lt;br&gt;1 meet PP 40 ptps interpretation</td>
<td>$20/day&lt;br&gt;$20/pax&lt;br&gt;$20/pax&lt;br&gt;$300/day</td>
<td>20 days&lt;br&gt;24 days&lt;br&gt;20 days&lt;br&gt;40 pax&lt;br&gt;2 pax</td>
<td>$480&lt;br&gt;$4,800&lt;br&gt;$800&lt;br&gt;$600</td>
<td>NIU</td>
<td>$300&lt;br&gt;$360</td>
</tr>
<tr>
<td>Printed Publ.</td>
<td>$6.5/copy</td>
<td>1000</td>
<td>$6,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
<td>------</td>
<td>--------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Khmer transl.</td>
<td>Lump sum</td>
<td>1</td>
<td>$500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printed Publ.</td>
<td>$/copy</td>
<td>1000</td>
<td>$6,500</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sub-total Outcome #2**

**Management of Component and Core Teams**

<table>
<thead>
<tr>
<th>Office Space</th>
<th>$500/month</th>
<th>36 months</th>
<th>NIU</th>
<th>$18,000</th>
</tr>
</thead>
</table>

2 Core Teams (5 officials from line ministries for 36 months for each project component) based on Government-DP approved top-up scheme (see text on top-up in Section V.1)

- 10 officials $300/month (average) $108,000 MoC, MIME, MAFF, other
- 1 expert $800/day 30 days $24,000

**Sub-total Management Component**

$132,000

**TOTAL**

$290,520 $22,440
ANNEX 4:
RATE SCALES USED IN BUDGETS

Rate Scale Used under TDSP and EIF Tier 1

<table>
<thead>
<tr>
<th>Input</th>
<th>Unit</th>
<th>Quantity</th>
<th>Max. Rate</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Consultants: daily basis</td>
<td>day</td>
<td></td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>International Consultants: monthly basis</td>
<td>month</td>
<td></td>
<td>12000</td>
<td></td>
</tr>
<tr>
<td>Local consultants: daily basis</td>
<td>day</td>
<td></td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Local consultants: monthly basis</td>
<td>month</td>
<td></td>
<td>1800</td>
<td></td>
</tr>
<tr>
<td>Per diem international consultant in Phnom Penh</td>
<td>day</td>
<td></td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>Per diem for national consultants travelling to provinces</td>
<td>day</td>
<td></td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Per diem for national consultants travelling to PP</td>
<td>day</td>
<td></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Transport allowance for government officials</td>
<td>lumpsum</td>
<td></td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>International flights</td>
<td>ticket</td>
<td></td>
<td>3000</td>
<td></td>
</tr>
<tr>
<td>Regional flights to neighbouring countries: up 4 hours</td>
<td>ticket</td>
<td></td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Regional flights to neighbouring countries: more than 4 hours</td>
<td>ticket</td>
<td></td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Per diem for study tours in Asia</td>
<td>Day</td>
<td></td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Hotel rates for study tour in Asia</td>
<td>Day</td>
<td></td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Externally recruited project secretaries/clerks</td>
<td>Month</td>
<td></td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Conference/workshop package per person per day</td>
<td>Day</td>
<td></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Conference/workshop package in provinces</td>
<td>Day</td>
<td></td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Interpretation services</td>
<td>Day</td>
<td></td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>
### Rate Scale for POC (as used for DICO)

<table>
<thead>
<tr>
<th>Category of Position</th>
<th>Monthly Rate (KHR)</th>
<th>Monthly Rate (US$)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Director</td>
<td>1'679'090</td>
<td>415.00</td>
</tr>
<tr>
<td>POC Deputy Programme Director</td>
<td>1'602'216</td>
<td>396.00</td>
</tr>
<tr>
<td>National Project Director</td>
<td>1’258’306</td>
<td>311.00</td>
</tr>
<tr>
<td>Deputy National Project Director</td>
<td>1’197’216</td>
<td>296.00</td>
</tr>
<tr>
<td>Unit Chief</td>
<td>1’136’926</td>
<td>281.00</td>
</tr>
<tr>
<td>Deputy Unit Chief</td>
<td>1’080’282</td>
<td>267.00</td>
</tr>
<tr>
<td>Technical Officers</td>
<td>752’556</td>
<td>186.00</td>
</tr>
</tbody>
</table>

(*) WORLD BANK EXCHANGE RATE FOR JANUARY 2011 USD1=KHR4046, ROUNDED UP TO NEXT DIGIT


### Rate Scale for National Staff Employed by UN Agencies in Cambodia

ANNEX 5:
MoUs and Contract between UNOPS as EIF-TFM and MIEs

The two MoUs shown in this Appendix (see pdf files) for ITC and MoC are only indicative, not definitive. It is the responsibility of UNOPS, as Trust Fund Manager, to finalize agreements with ITC and MoC based on those MoUs.

UNOPS is preparing a “one-off” contractual agreement with IFC to implement the Milled Rice component in Cambodia
ANNEX 6:
Fiduciary Responsibilities and Fiduciary Administration Process for DICO/NIU
(As described in Annexes H and I of Cambodia EIF Tier 1)

DICO Fiduciary Responsibility Framework

National Institutional Structure

1. Functions and Fiduciary Responsibilities

2.1 Line Ministries

The Ministry of Commerce (MoC) is the Recipient of the Enhanced Integrated Framework (EIF) project in Cambodia. The Recipient shall carry out the implementation of the EIF through the Department of International Cooperation (D/ICO) with sufficient resources and number of competent staff with appropriate terms of references (TOR), in each case satisfactory to the United Nations Office for Project Service (UNOPS) and EIF Executive Board.
The Recipient shall implement the EIF project under the direction of the SSC.TD-TRI, chaired by the Ministry of Commerce, with representatives from the donors contributing to the Aid for Trade (AfT), senior officials from MoC and other line-ministries in which said EIF activities will be implemented or sought, while other development partners (DPs) and stakeholders might be invited as observers, for the purposes of:

(a) Setting a policy and strategic direction for the EIF project;

(b) Ensuring that operations are in conformity with the EIF’s objectives and policies and approving annual work programs;

(c) Integrating the EIF Tier 1 Proposal as part of the Pillar 3 under Trade SWAp program to enhance and strengthening the capacity of D/ICO officers; and

(d) Approving monitoring and evaluating reports; and

(e) The said NIU and FP will base its decisions on recommendations from the government’s Sub-Steering Committee on Trade Development and Trade Related Investment (SSC.TD-TRI).

The Recipient shall maintain throughout the implementation of the EIF project a Focal Point (FP), headed by the Secretary of State of the MoC who supervises D/ICO, with representation, including officials of the Recipient whose direct responsibility are activities supported by the IF Trust Fund (IFTF) in Cambodia. They will be responsible of managing the said trust fund and be responsible for its day-to-day execution and monitoring.

The Recipient shall maintain throughout the implementation of the EIF project, the National Implementation Unit (NIU) located in the D/ICO to assist the FP in managing the daily operations of the EIF project, including the development of annual work plan, supervising their implementation and monitoring results, arranging for the procurement of necessary goods and services, and accounting for the EIF project finance, with sufficient resources and number of competent staff with appropriate TORs, in each case satisfactory to the EIF Executive Board.

### 2.2 Focal Point

As Enhanced Integrated Framework’s Focal Point (EIF FP) would be chaired by the Secretary of State, MoC, in paragraph 4 of section 2.1, in charge of D/ICO and the Director of the D/ICO would be its head of NIU. The EIF FP would comprise some of heads of agencies which have activities financed under the EIF; and may also comprise agencies involved in broader trade facilitation issues which are not currently beneficiaries of the EIF but are likely candidates for future interventions. The EIF FP would be convened quarterly meeting with the objective of identifying and resolving to the extent possible any generic issues affecting implementation of EIF activities, identification of trade policy or regulatory issues that the SSC.TD-TRI should address, and to provide a forum for tracking progress in implementing Trust Fund activities. It would also assure that there was adequate coordination between line agencies which had closely shared mandates or were part of broader sets of issues such as Pillar 3 and updating DTIS-2007.
The EIF FP would be the counterpart agency for the Donor Coordinators and UNOPS and would clear and transmit quarterly progress reports to it. The EIF FP is supervised NIU and he will:

- Oversee the functioning and implementation of the NIU and advises on the management of daily operations;32;
- Chair TAC 1 and TAC 2 and decide, in consultation with the other members, in order to invite other representatives to participate in the SSC.TD-TRI meetings;
- Work closely with relevant line ministries, DF, the ES, other development partners (DPs), including IF Agencies to ensure that TRTA projects are mainstreamed into the Trade SWAp program, in response to DTIS priorities, Poverty Reduction Strategic Plan and National Strategic Development Plan (NSDP).
- Lead the preparation of the DTIS and updating; and
- Report to the Royal Government of Cambodia (RGC) and the ES on EIF progress;
- Fiduciary responsibilities: final responsible for all fiduciary aspects in Annex III.

2.3 National Implementation Unit (NIU)

The NIU is led by the Director of D/ICO “so-called Director of NIU” of MoC to assist or to support the FP in managing the daily operations of EIF projects in each case satisfactory to the EIF Executive Board.

The NIU is responsible for coordinating in-country EIF activities and for EIF implementation at the national level. The NIU is supervised by the FP, and has 3 outputs: i) Support to NIU (D/ICO), ii) Support to line ministries and pillars, and iii) raising Awareness, promotion and trade mainstreaming. Moreover, the NIU shall report on EIF implementation progress, to the FP, the SSC.TD-TRI, and EIF Secretariat. It oversees the procurement arrangement before including into annual work plan for EIF and coordinates the accounting reporting of all liaison officers from line ministries. They will report to the NIU on a monthly basis. The detail duties and responsibilities of the EIF NIU are mentioned in Annex VI.

2.4 National Coordinator (NC, if the case), Not applicable.

Instead of having the National Coordinator, the EIF in Cambodia has used Programme Manager (PM) who is overseeing of all aspects of EIF activities in the NIU and assisting the Director of NIU as well as FP.

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32 The Focal Point position is appointed by LDCs government, “Enhanced Integrated Framework for LDCs and guidelines for the implementation”, 11 June 2008, Geneva, p.8
33 Tier 1 Appraisal Committee that appraises and approves Tier 1 project in-country
34 Tier 1 Appraisal Committee that appraises and approves Tier 1 project in-country
The EIF programme manager is responsible for day-to-day management of EIF program activities. He/she is also responsible for planning, budgeting, procuring, and managing project activities; facilitating support services from IF agencies; training and mentoring national staff; oversight, guidance and insuring technical quality of short-term consultants.

To support the programme’s objective of enhancing national capacity for pro-poor trade policy formulation, implementation, and monitoring, advisers and consultants will be called upon on a need-basis, to provide advice and advocacy in trade mainstreaming. They will be selected by NIU and will provide, inter-alia capacity development advice, help with the design and implementation of management procedures specific to the EIF, to ensure effective government ownership of managing trade development aid, contributing to the achievement of the National Strategy Development Plan goals and Cambodia MDGs. The detail duties and responsibilities of NIU are mentioned in ANNEX VI.

2.5 Accounting Officer (AO)

To manage an overall EIF finance and accounting in accordance with best practice of EIF project in Cambodia and ensure compliance with financial management manual in Cambodia, donor’s regulations and the Cambodian laws, the internal financial control and compliance, including inspections of internal and external audits. Provide financial, administration and management information support to the NIU, FP, SSC.TD.TRI and Donors Facilitation. The accounting officer is Accountable to Chief of Finance Unit located in the D/ICO.

To ensure that government funds administered by EIF NIU are accounted for correctly according to the appropriate guidelines and financial protocols and within the framework of the overall EIF NIU accounting system. To be responsible for maintaining records for auditing purposes and ensuring that the financial affairs of the EIF NIU are conducted with probity and in a transparent and open manner. The detail duties and responsibilities of AO are mentioned in Annex VI.

**DICO Fiduciary Administration Process**

1. **Administrative Units involved and administrative mechanism to be used by the NIU for:**

   - **Recruitment**\(^{35}\)

     The identification and designation of project implementation staff must be based on open, transparent, and competitive principles to ensure that each project management position is staffed with the most competent and suitable candidate for the work involved. Top-level management skills, technical and personal capabilities are required irrespective of the nature of the project.

---

\(^{35}\) Standard Operating Procedures “for Externally Financed Project/Programs in Cambodia”, Ministry of Economic and Finance, Cambodia, p. 55
The EIF project (i) allocates project implementation staff in accordance with the manning schedule prepared for the project; and (ii) prepares detailed terms of reference (TOR) for each key project management position and a general job description for all other positions required for project implementation. In instances where a dedicated NIU is necessary, full time staffs are designated for the roles and functions identified for the NIU. The TOR must conform with the provisions of the project document and must clearly indicate (i) the duties to be carried out by the position; (ii) responsibilities, authorities and accountabilities; (iii) any supervising officer and reporting requirements; (iv) duration of employment; (v) any special privileges; (vi) preferred qualifications for the position; and (vii) selection criteria for the position.

All recruitment processes shall be posted its expression of interest on local media for selecting of local and international consultants based on both the ADB and the WB set process thresholds for types of procurement. These are separate from both the prior review thresholds and the thresholds for Procurement Review Committees discussed in Section 9.2. The project documents will all have procurement thresholds which dictate the method of procurement dependant on the estimated value. Generally speaking they will follow the amounts set out in Annex V of Procurement Manual\textsuperscript{36}.

- **Procurement**

**General**

Procurement for the EIF will be carried out in accordance with the RGC - Ministry of Economic and Finance guideline “Procurement Manual\textsuperscript{37}”. The general description of various items under different expenditure categories is given below. For each contract to be financed by the Grant, the procurement methods or consultant selection methods, the need for pre-qualification or post-qualification, estimated cost, prior review requirements and time frame have been agreed between the Recipient and the International Development Agency (IDA) in the Procurement Plan. The Procurement Plan will be updated annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

**Procurement of Goods**

Goods procured under this project would primarily include: vehicles, printed materials, and office furniture and office equipment. Goods estimated to cost the equivalent of US$100,000 or more per contract shall be procured through the International Competitive Bidding (ICB) method; and the procedures set forth in the Bank’s Procurement

\textsuperscript{36} Operational Manual Vol. I & II “Policies and Procedures”, for Externally Financed Project/Programs in Cambodia, Ministry of Economic and Finance,

\textsuperscript{37} Based on World Bank’s “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004, revised October 2006 and “Guidelines: Selection and Employment of Consultant by the World Bank Borrowers” dated May 2004, revised October 2006.
Guidelines and using the Bank’s applicable Standard Bidding Document (SBD). Goods estimated to cost less than US$100,000 equivalent per contract may be procured through the National Competitive Bidding method. Goods estimated to cost less than US$20,000 equivalent per contract may be procured through the Shopping method and the procedures set forth in the aforesaid Sub-Decree and Procurement Manual. Any changes to the threshold could be mentioned in the Memorandum of Understanding with the Trust Fund Manager.

**Procurement of Works:**

There would be no major works financed through EIF Project, with the exception of small scale repairs and modification to existing structures to promote office efficiency. Works estimated to cost the equivalent of US$300,000 or more per contract shall be procured through the International Competitive Bidding (ICB) method and the procedures set forth in the applicable Standard Bidding Document (SBD). Works estimated to cost less than US$300,000 equivalent per contract may be procured through the National Competitive Bidding method and the procedures set forth the aforesaid Sub-Decree and Procurement Manual, and subject to improvements listed in the Annex to the EIF Tier 1 Proposal. Works estimated to cost less than US$40,000 equivalent per contract may be procured through the Shopping method and the procedures set forth in the aforesaid Sub-Decree and Procurement Manual. Any changes to the threshold could be mentioned in the Memorandum of Understanding with the Trust Fund Manager.

**Selection of Consultants**

Consultant services financed through this EIF project are expected in the following areas: design a more effective fee structure, program management, work plan, and development etc. Service requiring hiring of firms would generally be procured through Quality-and-Cost based Selection (QCBS) method. However, for assignments estimated to cost less than US$50,000 equivalent per contract the method Selection Based on Consultants’ Qualification (BCQ) may be used, and for external audit assignments the Least Cost Selection Method may be used. Services for tasks under circumstance which meet the requirements of paragraph 3.10 of the Consultant Guidelines may, with the regional UNOPS’ prior agreement, be procured through the Single Source Selection method. Shortlist of consultants for consulting services estimated to cost less than US$100,000 equivalent per contract may be composed entirely of national consultant. Any changes to the threshold could be mentioned in the Memorandum of Understanding with the Trust Fund Manager.

- **Sub-contracts**

  The Supplier shall notify the Purchaser in writing and obtain the prior approval of the Purchaser before awarding any subcontract under the Contract if not already specified in the bid. Such notification by the Supplier, in the original bid or later, or approval by the

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Purchaser, if granted, shall not relieve the Supplier from any liability or obligation under the Contract. Subcontracts shall comply with the provisions of General Condition for Contract Clauses 3 and 6.\textsuperscript{39}

- **Overall expenditure**\textsuperscript{40}

**Overview**

In the decentralised and de-concentrated projects, contract, and other project expenditures, must be recorded and maintained in accordance with the procurement policies and procedures set out by the Government, in the Financial Manual (FM) (refer to Section 19 of the FM).

A separate detailed contracts register must be maintained for each contract, and all important details pertaining to the contract must be recorded in this register. These would include such details as the contractor's full name and address, the total value of the contract, any special terms and conditions of the contract construction schedule, performance and security bond requirements, details of approved contract variations, and any other relevant details. All other contract related registers, ledgers and reports specified in this section should be subsidiary to the contract register, to ensure completeness and integrity of information.

Contracts involve several special features which require specialized financial accounting and management treatments. These are:

- Bid Securities
- Performance Securities
- Mobilisation Advances (if used)
- Retention Monies

**Other expenditures**

Aside from contract payments, there are also payments made for other expenditures for the project which are not covered by contracts. Examples of such expenditures are utility accounts such as electricity, water and telephone accounts. When utility bills are received they should be checked and verified by the accounting department, that the expenses are project related and are reasonable. For control purposes such expenditures should be budgeted for in the project expenditure budget for the year. These payments must be properly authorised by the NIU, FP and the Accounting Officer before payments are made. Payments should be made by check. Actual expenditures for such items must be compared against budgets and any significant variations should be properly analysed and reported to Management through the monthly accounts.

**Minor expenditures**

\textsuperscript{39} Ibid, p. 35  
\textsuperscript{40} Financial Management Manual, Sept. 2005, p. 36, 43
There are no formal instructions in Cambodia with regard to the use of a purchase order system, because this procedure is seldom used for project related purchases in Cambodia. To make formal rules, the EIF FP in Cambodia has to develop its own instruction for small purchasing from the markets. However, the EIF projects do use purchase orders for acquiring minor items from the local market. In such situations the NIU and FP should ensure that proper procedures with adequate controls are set up for the use of the purchase order system. The NIU and FP should issue clear instructions in this regard, with authorisation limits and types of items that may be acquired using this procedure. The Procurement Manual (Refer to Sub-sections 10.2.7 and 10.3.6) provides further details on this procedure if it were to be used. To include these expenditures in the project accounts, the invoices and receipts received for such purchases, should be approved by the NIU and FP, before posting to the ledger accounts. Supporting documents such as a copy of the purchase order and received report must be attached to the invoice, when the invoice is presented for approval.

2. **Disbursement and replenishment mechanism**

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TRUSTFUND
  Operated by UNOPS

<table>
<thead>
<tr>
<th>Disbursement request</th>
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<tr>
<td>Replenishment</td>
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| EIF NIU Account (USD)
  Operated by MoC |

<table>
<thead>
<tr>
<th>Direct Payment Commitment</th>
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</table>

| EIF NIU Operated by MoC
  Overall Expenses Endorsed by MoC
  Payment approved by Focal Point (FP) |
<table>
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<tbody>
<tr>
<td>Payment of Consultants, works, Goods, Workshop/Training, Operational Cost initiated</td>
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</tbody>
</table>

Note: * MEF receives a confirmation letter only..*
3. **Reporting and control mechanisms**[^41] (about Financial report)

A project is deemed complete when its facilities and components are substantially completed and are ready to operate. Once the project is completed the EIF FP and other relevant Government agencies have certain obligations to fulfil.

3.1. **Reporting**

**Project Completion Report**

The NIU shall report in monthly basis on financial against - 1) budget line, 2) budget activities and 3) bank reconciliation and are signed by FP. Quarterly basis interim financial management reports (IFRs) are prepared by the NIU follows the cash based accounting policies and it shall be signed by FP. Such reports are prepared in timely thirty days (30 days) after the end of the quarter and shall be furnished to UNOPS no later than forty five days (45 days) after the end of the quarter. The IFRs should provide the linkage between the physical progressing activities to the financial information. The reporting format was developed and agreed during project appraisal and include: 1) Discussion of EIF Progress (explaining activities for the quarter compared with budget/work plan, any significant variations from budget and activities proposed to achieve budget targets), 2) Consolidated Statement of Receipts and Payments and 3) Summary of Payments by Disbursement Category/Component and source of funds. Likewise, the annual financial management report shall be made the same above procedure and copy to the Department of Investment and Cooperation (DIC)/MEF for their acknowledgement on the EIF activities in Cambodia.[^42]

**Closing Project Accounts**

The EIF FP is required to close the project accounts and ensure that all outstanding payments to consultants, contractors and other expenses are all settled. In the case of contractors, the NIU must ensure that it is holding the retention money as provided for in the contract or has a bank guarantee to cover the retention from a reputable bank.

The EIF FP will take action to close the various bank accounts that have been operational for the project implementation activities. Prior to closing the accounts, a proper reconciliation of the accounts will be done and the accounting records updated. All advances from the EIFTF/UNOPS must be liquidated and unused funds must be returned. All project bank accounts are closed and the EIFTF/UNOPS advised of the closure. Once all outstanding payments to contractors, consultants and suppliers have been approved and sent to the EIFTF/UNOPS for payment, the EIF FP should write formally to the EIFTF/UNOPS, requesting them to close the account.

3.2. **Control mechanisms** (on financial matter only)

[^41]: Standard Operating Manual, August 2005, “For Externally Financed Projects/Programs in Cambodia”, p. 33
To achieve successful implementation of EIF activities in Cambodia, the financial delegation and authorities to approve on the overall disbursement request and expenses shall be clearly defined in this financial management. The following delegations and authorities procedures are the minimum that should be addressed in establishing the financial arrangements and internal control mechanism.

3.2.1 Authorised Signatories

The authenticated specimen signatures of the authorised signatories are required to be submitted to the MoC and EIF Trust Fund or lenders before any disbursements can take place. Any changes of Authorised Signatories must be notified to the MEF and DPs or lender.

The Royal Government of Cambodia has appointed the following authorised official signatories on their behalf:

1. Minister from Ministry of Commerce and copy all transactions to Minister of Economic and Finance,
2. Focal Point of IF, and
3. Director of National Implementation Unit (NIU).

The Minister from Ministry of Economy and Finance has authorised ministers from Ministry of Commerce, Focal Point of EIF and Director of NIU to sign on their behalf, or appoint alternate signatories or co-signatures on their behalf.

For all withdrawal applications the Senior Minister from MoC or his delegate should always sign. For Program implementation, one of the two authorised alternate signatories shall sign on the cheque or any disbursement form. The signatories have the responsibility of ensuring the proper accessibility of the fund transfer request and reliability of the supporting documents.

3.2.2 Authorization Procedures

<table>
<thead>
<tr>
<th>PROCEDURES FOR APPROVAL PROJECT ACTIVITIES AND DISBURSEMENTS</th>
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<tbody>
<tr>
<td>The purpose is to define a financial management system and level of authority.</td>
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<tr>
<td>These are as follows:</td>
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<tr>
<td><strong>A. Program Approval</strong></td>
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<tr>
<td>The approved annual operation plan (AOP) of each subsequent year will be used as the basis for the implementation of the project activities of the NIU. The Annual Operational Plan (AOP) will be approved by the Focal Point, by December of each preceding year. The approval of AOP will constitute approval to proceed with all elements of the AOP. The Focal Point will be responsible for monitoring the progresses.</td>
</tr>
<tr>
<td><strong>B. Request and Financial Approval</strong></td>
</tr>
<tr>
<td>a) <strong>Approval of Request</strong></td>
</tr>
<tr>
<td>The Director of NIU will be responsible for reviewing compliance of activities, proposals, plans, purchase orders, contracts, agreements and Certificates of Acceptance</td>
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</tbody>
</table>
with legal documents (Loan and Grant Agreements) and other supporting documents such as pay slip (if any), and other relevant documents and recommend to the Focal Point for their decision.

The Financial Management Unit (FMU) is responsible for reviewing budget, requests, plans purchase orders, contracts, agreements and Certificate of Acceptance with the Program Financial Management Policies and Guidelines and classifies them into budget categories of the loan and grant agreements. FMU shall keep records of approved budget, allocate funds and ensure that funds are available upon actual needs.

b.) Financial Approval
The FMU is responsible for preparing payments and disbursements according to the approved budget and terms and conditions of the contracts, agreements and financial/accounting principles. The payments/disbursements will be approved by the Focal Point and /or his delegated person.

3.2.3 Expense authorisation guidelines

- Approval/recommendations are required from the Heads
  - Before a trip is made/assignment undertaken
- In order to request for cash advance, this should be release 5 working days before the activity starts.
  - Liquidation of expenses within ten working days after completion the activity.
  - The next advance will not be paid until the first one was cleared.

- Head who signed on the Cash Advance Liquidation is responsible for establishing and confirming that the expenditures are:
  - For official business, not personal
  - Necessary for the operation/approved activities
  - Reasonable in amount
  - Within the budget line and work plan
  - Supported by liquidation forms, and necessary receipts are attached
  - Based on standard procedures.

- No employee has the authority to approve his own expenses or claims. Senior management may permit the appropriate supervisor to authorize his or her advances and verify the liquidation.

3.2.4 Delegation to sign on cheque
There is no threshold to be set for the delegation to sign on the cheque under this Project and all payments shall always be signed by two officers. The official signatories of the cheque withdrawals of expenditure and other pertinent documents for the Project should be as follows:

- Country Focal Point of IF
- Director of NIU of EIF
The Project should appoint one other authorised signatory and another alternate signatory. Two signatories should sign on cheques transfers or withdrawals (if any).

Beyond the above control mechanism shall be referred to the internal financial delegation in which the NIU has agreed as to be set forth for the Financial Management Unit of TDSP under administration of the World Bank.

To achieve successful implementation of activities, EIF FP and NIU may be required to engage personnel for the duration of the project, or may be required to pay allowances or supplements for additional project work undertaken by existing government employees. Some projects may also pay performance allowances to government employees engaged in project activities based on performance standards and targets. When there are on-going payroll expenditures for a project, the NIU and project management must establish a proper payroll expenditure subsystem to effectively manage and control such payments. The system may be manual or computerised and should provide for regular calculation and payment of the payroll expenses to project personnel, as well as providing complete and accurate records in support of the payments and their disbursements and posting to the accounting ledgers of the project.

4. **Auditing:**

4.1 **Internal auditing**

The internal auditing is regularly conducted by an independent internal audit in each institution whereby project is located. It is a key element for organizational internal controls system whereby it requires meeting the objectives of assurance to improve and add value to organization’s operations. In this connection, the internal auditing procedures shall be made according to the Auditing Law of Cambodia which was promulgated by Royal Decree No. CS/RKM/1300/10 dated 10 March 2000, requires all line ministries responsible for implementing externally assisted projects to establish an independent internal audit unit. This unit must be adequately staffed with qualified and experienced staff.

However, based on the WB appraisal document reported recently, the Internal Audit Department (IAD) of Ministry of Commerce was established in late 2007. Currently, IAD has eight staffs with a diverse background but all with limited financial and internal audit experience. The number of head count is expected to increase to twelve by mid of this year adding four more fresh graduates. It has been agreed that resources under the TDSP Project will be made available to strengthen the Internal Audit of the Ministry. The support should be in the form of technical assistance by appointing an Internal Audit Advisor under the Project to assist the IAD in formulating its strategic plan; a risk based annual plan and provide on the job-training to build the capacity of the internal audit staffs. This Department will review internal control systems and make recommendations on how to strengthen them, including those related to the Project. The status of internal audit recommendation shall be provided in the separate section of quarterly IFRs to the Bank and MEF.
4.2 External auditing

It has been agreed that an auditor acceptable to the EIF Trust Fund during the UNOPS appraisal mission to Cambodia late November 2009 that the external audit will be jointly contracted together with the WB TDSP on an annual basis according to their implementation schedule. It shall be contracted to audit the Project annual financial statements in accordance with International Standards on Auditing based on TOR acceptable to the EIF Trust Fund and IDA. The financial statements will be prepared in accordance with the cash based accounting policies that reflect receipts, payments (by disbursement categories) and fund balance for current reporting period, the cumulative period from the project commencement date, compared with the budget. EIF Trust Fund may require reviewing working papers of the auditor’s for satisfaction where necessary. The financial audit of the project is included in the five years scope of audit bundling. The cost of the audit will be partially financed from EIF Trust Fund proceeds.\(^{43,44}\)

\(^{43}\) Report No. 46752 KH, “Project Appraisal Document”, the Document of the WB, page 60

\(^{44}\) Thus far, Ernst & Young Cambodia has carried out three external audits for TDSP and two external audits for EIF Tier 1.
ANNEX VII

REPORT

THE EIF TIER 2 APPRAISAL COMMITTEE (TAC2) MEETING ON CAMBODIA EXPORTS DIVERSIFICATION AND EXPANSION PROGRAM I (CEDEP I)
REPORT

THE EIF TIER 2 APPRAISAL COMMITTEE (TAC2) MEETING ON CAMBODIA EXPORTS DIVERSIFICATION AND EXPANSION PROGRAM I (CEDEP I)

MINISTRY OF COMMERCE, CAMBODIA

Prepared by the Department of International Cooperation (D/ICO)
Ministry of Commerce, Royal Government of Cambodia
Coordinated by HE PAN Sorasak, Secretary of State, IF Focal Point

May 3, 2012

Contents:
Introduction
Agenda item 1: Detail Overview on Tier 2 CEDEP I Project Proposal of Cambodia
Agenda item 2: Opening Discussion and Questions and Answers from Meeting Participants
Agenda item 3: Summary
Agenda item 4: Final decision
Introduction:

1. The Enhanced Integrated Framework (EIF) Tier 2 Appraisal Committee (TAC2) held its first session to appraise and get endorsement from the Development Partners (DPs) over Cambodia Exports Diversification and Expansion Program I (CEDEP I) on May 3, 2012 in Phnom Penh, Cambodia. Twenty eight participants attended the session including:

- Secretary of State and EIF Focal Point, Ministry of Commerce;
- UNDP Country Director and EIF Donor Facilitator;
- Cambodia’s development partners (EU, JICA, UNDP, UNIDO and the World Bank); and
- CEDEP I Main Implementing Entities (D/ICO/MoC, IFC, ITC, and EIF Liaison Officers from Line ministries).

H.E. PAN Sorasak, Secretary of State and Enhanced Integrated Framework (EIF) Focal Point for Cambodia, Ministry of Commerce, chaired this first session of the TAC2 meeting.

2. The Royal Government of Cambodia has submitted its first draft of the EIF Tier2 Proposal called CEDEP I to the EIF Executive Secretariat in Geneva on December 10, 2011 before the 8th WTO Ministerial Conference. In February 2012, the Ministry of Commerce received comments from EIF and UNOPS which were consolidated by the EIF international consultant in charge of CEDEP I formulation during the EIF ES Desk official field visit to Cambodia in April 2012. The second draft version was circulated to all TAC2 members and observers on April 24, 2012.

Agenda item 1: Detail overview on Tier 2 CEDEP I Project Proposal of Cambodia

3. As co-chair of the TAC2 Meeting session, Madame Elena Tischenko, UNDP Country Director and EIF Donor Facilitators addressed in her opening remark that Cambodia, like other target countries, can use the EIF as a vehicle for better coordination of development cooperation in the sector and leveraging more Aid-for-Trade resources, whereas development partners that sign up to the EIF, see it as a vehicle to deliver on their Aid-for-Trade commitments. Ever since its joining the programme, Cambodia has remained at its forefront and is now considered one of its most advanced country, having developed two Diagnosis Trade Integration Strategies (DTIS) and preparing an update this year, as well as currently implementing a Tier 1 project, and having built a shared vision for the trade sector development through a Sector-Wide Approach.

4. At the same occasion as the co-chair from the Ministry of Commerce and EIF Focal Point, H.E. PAN Sorasak, informed that the decision to develop CEDEP I was taken as a response to the recommendations from WTO member states on the country’s Trade Policy Review and used the recently endorsed Trade Sector-Wide Approach (Trade SWAp) Pillar Roadmaps developed with the support from the World Bank through Trade Development Support Program (TDSP).

5. The EIF Tier2 project proposal or CEDEP I is fully aligned with the Trade SWAp – the country’s Medium Term Strategy for Aid-for-Trade. In that context, the Ministry of Commerce would like to give priority to strengthening the supply side capacities in the areas of Rice, Silk, and to enhancing the D/ICO M&E unit to monitor progress and disseminate results of CEDEP I as well as CEDEP II. Both proposals are aligned with corresponding building blocks and key performance indicators described in the SWAp Pillar 2 Road Map.

6. Finally, H.E. Pan Sorasak presented to the audience the different steps to be followed for EIF Tier 2 project formulation, appraisal, approval and implementation, using for this the EIF Compendium 2011. H.E. Pan Sorasak stressed the importance of the meeting, as the last step in the in-country appraisal process before endorsement by the Sub-Steering Committee on Trade Development and Trade-Related Investment (Cambodia’s National Steering Committee) on May 17, 2012. H.E. Pan Sorasak thanked all
stakeholders and line ministries for their active participation and timely contribution to the CEDEP I project document, and underlined the efforts of the Ministry of Commerce for developing the project proposal in a transparent and participatory way, learning from the shortcomings of the TAC1 process.

7. A thorough presentation of CEDEP I was made by Mr. Chhieng Pich, Director, D/ICO. The presentation included a review of the background, strategic framework, proposed outcomes and outputs, indicative activities, proposed implementation arrangements, budget and sustainability strategies. This provided an excellent basis for the subsequent questions and answers sessions. A copy of CEDEP I draft project proposal, CEDEP I formulation schedule and all meeting presentations were distributed during the meeting, in addition to the EIF Cambodia Country Profile prepared by the EIF Executive Secretariat.

**Agenda item 2: Opening Discussion and Question and Answer from Meeting Participants**

8. The Meeting Chairperson invited comments, suggestions and recommendations from TAC2 members and asked for candid assessment from everyone.

9. Several participants provided inputs to the discussion, those were (by order of questions)
   - Mr. Fabio Artuso, for the World Bank Cambodia office;
   - Mr. Daniel Gonzalez-Levassor, for the EU Delegation in Cambodia;
   - Mr. Charles Schneider, for the IFC office in Cambodia;
   - Mr. Bas Rozemuller, for the IFC office in Cambodia;
   - Mr. Sok Narin, for the UNIDO Representation Office in Cambodia; and
   - Ms. Sola Heng, for the ITC Representation Office in Cambodia.

All speakers mentioned above clarified that they had no objection to the current draft CEDEP I project document and confirmed verbally that they supported its submission to the EIF Executive Board for funding. Suggestions were offered for CEDEP I kick-off, implementation and monitoring. A summary of the technical discussions is provided below:

**Avoidance of duplication and direct overlaps**

10. Note was taken of the WB’s on-going work on new strategic proposal under TDSP towards development of the collective trade mark for Cambodian rice, and of the importance to understand perception of rice producers and importers about such trade mark. This point to the possibility of synergy with the CEDEP I component related to the identification of potential importing markets. Synergies will also have to be sought in the area of standards development, where the TDSP is currently working with the Institute for Standards of Cambodia (ISC).

11. The question was raised by EU about the IFC-administered trust fund for SMEs and its relation to the CEDEP I proposal. Clarifications from IFC explained how their work with SMEs and overall support to rice policy implementation are complementary and non-duplicatory with regard to CEDEP I.

**Governance issues**

12. EU stressed the importance of engaging cross-sectoral cooperation at senior, decision-making level, in addition to technical involvement that is already envisaged through the Core Groups. Response provided by H.E. Pan Sorasak clarified the role of regular cross-sectoral Implementation Committee meetings as well as Steering Committees envisaged for both rice and silk component in promoting inter-sectoral collaboration at both technical and decision-making levels.

13. The role of new and emerging association of producers was raised in relation to governance of the CEPED I programme. IFC remarked that with numerous associations emerging, CEPED would help to engage with key ones that could take the lead in working on the standards and quality. It was stressed that associations will be the leading force in establishing industry standards.
Strategic complementarities and opportunities

14. IFC emphasized the timeliness and importance of focusing on rice millers at this point of national rice policy implementation as well as the importance of adherence to quality standards. CEPED I is intended to support these priorities to provide reinforcement and acceleration to rice policy implementation in its trade component. It has also been stressed that it is important to understand and factor in the standards requirements of specific key buyer countries, and to make sure that standards are linked to, and met as part of, establishing the brand.

15. The meeting discussed important role of the private sector in making sure that CEPED I engage the private sector to bear their fair share of the costs, e.g. by paying for the upgrades of rice mills, or for building technical capabilities of silk testing facilities etc.). H.E. Pan Sorasak pointed out to the need to continue learning and knowledge-sharing exposures between private sector in Cambodia and in other countries.

Specific suggestions/additions

16. UNIDO made a suggestion for CEPED I to have close coordination with UNIDO and ADB in furthering in testing capacity of ILCC to test quality of rice. With regard to silk, suggestion was made to promote clean production including the use of safe dyes, including through necessary training as has already been started by UNIDO with the Unit in MIME. In response ITC clarified that CEPED I proposal does already include the use of safe dye to promote clean production.

17. Given the absence of any further comments, suggestions or recommendations for the improvement of the proposal, all participants present in the meeting unanimously approved the EIF Tier 2 project proposal as the project is formulated in a results-oriented manner, is in alignment with the country’s latest national development plans, forms part of the country’s Trade SWAp and responds to priority areas of intervention of the Pillar Road Maps while not duplicating any on-going or planned interventions by Cambodia’s Development Partners. It was emphasized that ongoing consultation and coordination will have to be ensured during the implementation of the project as there is potential for overall/synergy particularly in the rice sector, where many other projects are active or are being planned. This ongoing consultation should be enshrined in a formal Pillar mechanism to guarantee transparency and cooperation.

18. The EIF Focal Point thanked all participants for their fruitful inputs and feedback before and during the TAC2 meeting and promised to take advantage of the EIF Tier 2 momentum to further increase cooperation and coordination among development partners and between development partners and the Ministry of Commerce and other EIF stakeholders. Such efforts should be initiated right after the EIF Tier 2 proposal is approved and should, in particular, pay special attention for alignment between EIF and TDSP during the implementation of annual work plans, procurement rules and the support and development of public service capacities to deliver for trade.

The TAC2 meeting was adjourned at 11:55 on the same day, with fruitful discussion and support from all DPs present at the meeting. Meetings will be circulated soon with a request for signature of all TAC2 members before the project proposal and minutes are presented to the SSC.TD-TRI meeting on May 17 for their final in-country endorsement.

FINAL DECLARATION BY CAMBODIA EIF TAC 2 MEMBERS

After reviewing the current draft of the Cambodia’s Exports Diversification and Expansion Program I (CEDEP I) prepared by the Ministry of Commerce, Royal Government of Cambodia;
After reviewing our own on-going and planned intervention in support of Cambodia’s Trade Sector-Wide Approach (aka Trade SWAp);

After considering the appraisal steps for any project submitted to the EIF Executive Board for funding by the EIF Trust Fund;

After listening to the responses provided by the Ministry of Commerce and the Main Implementing Entities considered for CEDEP I implementation during the EIF TAC 2 meeting;

We members of Cambodia EIF TAC 2 confirmed that:

- The project is formulated in a results-oriented manner;
- The project is aligned with the country’s latest national development plans;
- The project forms part of the country’s Trade SWAp and responds to priority areas of intervention of the Pillar Road Maps;
- The project is to be implemented abiding by the principles of the Paris Declaration on Aid Effectiveness and the Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness;
- The project does not provide any unnecessary overlaps or duplication with on-going or planned interventions by Cambodia’s Development Partners.

And pending the formal approval by the Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC.TD-TRI) and signature by its Chair person for final endorsement; and

Recommend that the project be submitted to the EIF Executive Secretariat for transmission to the EIF Board for approval.

In Phnom Penh, May 11, 2012

IN WITNESS THEREOF, the reviewed and endorsed representatives of TAC2 meeting.

Mr. CHHIENG Pich,
DICO/NIU Director

Mr. Fabio ARTUSO,
for the World Bank Cambodia office

Mr. Daniel GONZALEZ-LEVASSOR,
for Delegation of the European Union to Cambodia
Mr. Bas ROZEMULLER, for the IFC office in Cambodia

Mr. Charles SCHNEIDER, for the IFC office in Cambodia

Mr. SOK Narin, for the UNIDO Representation Office
in Cambodia

Ms. SOLA Heng, for the ITC Representation Office
in Cambodia

HE. PAN Sorasak,
Secretary of State, EIF Focal Point, Ministry of Commerce,
Co-Chair of TAC2

Ms. Elena TISCHENKO,
Country Director, UNDP in Cambodia,
EIF Donor Facilitator,
Co-Chair of TAC2
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<tr>
<th>No.</th>
<th>Name</th>
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<th>Institution</th>
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<th>Signature</th>
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<tr>
<td>1</td>
<td>H.E. Pan Sarasak</td>
<td>Secretary of State, EIF Focal Point</td>
<td>MoC</td>
<td>Confirmed</td>
<td><a href="mailto:great.lake.kh@gmail.com">great.lake.kh@gmail.com</a></td>
<td>012 813 076</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Ms. Elena Tischenko</td>
<td>Country Director, EIF DF</td>
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<td>023 216 167</td>
<td>023 217 193</td>
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<tr>
<td>3</td>
<td>Ms. Sophie Baranes</td>
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<td>4</td>
<td>Mr. Ngo Natharoun</td>
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<td>023 217 193</td>
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<td>5</td>
<td>HE. SOK Sopheak</td>
<td>Director General of International Trade and SSC.TD-TRI Rep.</td>
<td>MoC</td>
<td></td>
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<td>012 992 035</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Ms. Daniel Gonzalez-Levassor</td>
<td>Trade Attaché, DP</td>
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*Note: The entries in the table correspond to contacts listed in the document. The phone numbers are indicated as either confirmed or not available. Some email addresses and phone numbers have been verified, while others have not been confirmed.*
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**Note:**
- **DF** = Donor Facilitator;
- **DP** = Development Partner; and
- **L/O** = Liaison Officer.