

KINGDOM OF CAMBODIA

TRADE DEVELOPMENT SUPPORT PROGRAM

Implementation Support Mission

December 5 – December 21, 2011

AIDE-MEMOIRE (DRAFT)

1. A joint mission of the World Bank took place from December 5 – December 16, 2011. The team was joined by the World Bank's Sector Manager for Trade Ms. Mona Haddad (PRMTR) and a team of independent evaluation consultants. The goal was to review the implementation of the Trade Development Support program (TDSP), which is a multi-donor trust fund supported by the European Union, DANIDA and UNIDO.
2. The mission team contacted agencies actively involved in TDSP. The team was composed of Mr. Julian Clarke (Team Leader), Mr Enrique Aldaz-Carroll (Senior Country Economist, Cambodia), Mr. HuotChea (Senior Economist), Mr. VannaraSok (Operations Officer, World Bank), Ms. Mona Haddad (Sector Manager, PRMTR), Mr. Gerard McLinden (Senior Trade Facilitation Specialist, PRMTR), Ms. Kimhin Sun (Financial Management Specialist, World Bank), Mr. SrengSok (Procurement Specialist, World Bank), Mr. Jacob Jepsen (DANIDA), Ms. Laura Liguori (European Union), Mr. NarinSok (UNIDO), Mr. Fabio Artuso (strategic expert), Mr. JandouweMeindertsma (consultant, ECORYS) and Mr. Paul Wymenga, (consultant, ECORYS) also participated in many mission meetings as part of an independent evaluation of the program.
3. The objective of the mission was to determine whether the strategic focus of the program and its operational efficiency had been enhanced since the mid-term review mission by i) reviewing the benchmarks established during the mid-term review, and ii) overseeing the new management structure at the Department of International Cooperation at Ministry of Commerce (DICO), including the new financial and procurement arrangements. The mission would like to express its appreciation to all the stakeholders, particularly the Department of International Cooperation (DICO) and the implementing agencies (IAs) who graciously gave their time to the mission team.

The key points of discussion, agreements reached, and recommendations made with the regard to the mission objectives are summarized in this draft aide-memoire. The aide memoire will be submitted to World Bank management after the wrap-up meeting takes place.

1. Key Findings

Implementation progress has improved significantly since the last implementation support mission and is rated as **Satisfactory**. The program has clearly passed the difficult set-up phase and moved into a high disbursement trajectory. Procurement and finance departments within DICO are functioning well (see sections 6 and 7 below) and managing the needs of implementing agencies (IAs) efficiently. In order to further improve implementation the mission teams seeks the agreement of DICO and the Pillar Leaders to explore ways in which to refocus the program around a fewer number of strategic activities, reducing the number of implementing agencies (after the current projects are fully implemented) and rationalizing the number of MOU arrangements. This will help reduce transaction costs and mitigate implementation risks further.

Progress toward the Project Development Objective (PDO) ranks **Moderately Satisfactory**, though the mission team stresses that the structure is in place to expect a Satisfactory rating over the next year (cf. Figure 1 for a review of the components). There have been some important steps taken toward a more effective process of formulating and implementing trade policies, with (i) the finalization of “roadmaps” for managing and monitoring the 3 pillars of the Trade SWAp, (ii) the formulation of Key Performance Indicators to achieve the targets of the roadmaps and (iii) the formulation of project proposals by Implementing Agencies – including with the support of external technical advisors - to achieve those targets, (iv) efficient and timely procurement and financial management at the implementing unit, DICO. Going forward, a process of consolidation will help ensure the PDO is met.

The overall program rating is **Satisfactory**.

2. Progress toward PDOs

4. The TDSP’s PDO is to “contribute to increase the RGC’s efficiency in formulating and implementing effective trade policies”. The TDSP was negotiated on December 17, 2008, the grant agreement was signed on January 14, 2009, the TDSP became effective on March 9, 2009, and the TDSP was launched at a workshop on March 23, 2009.

5. The updated results framework is shown in Figure 1 below. Some achievements towards PDOs are in place and further work will enhance these outcomes.

Figure 1

Results Framework

PDO	Project Outcome Indicators	Status
Overall PDO: The objective of the TDSP is to increase RGC’s efficiency in formulating and implementing effective trade policies	Regular practice of a streamlined, RGC-led process for consultation and financing between RGC policy-makers and implementing agencies and between RGC and donors, and satisfactory progress in implementing the Trade SWAp as evidenced by Annual Performance Reviews and third-party analysis	The RGC is demonstrating strong management of the trade agenda as demonstrated by implementation of the trade SWAp – including coordination of multiple funding sources, Trade SWAp Secretariat and endorsed inter-ministerial targets, successful WTO Trade Policy Review in

		November 2011 and forthcoming Chairmanship of ASEAN.
Intermediate Outcomes	Intermediate Outcome Indicators	Status
1. Trade Policy Formulation and Implementation		
1a. Sustained progress in trade policy formulation and implementation in the areas of SPS and TBT	<p>(i) Increased coverage of sanitary and phyto-sanitary (SPS) regulations and support services</p> <p>(ii) Improved compliance with WTO agreement on technical barriers to trade (TBT)</p> <p>(iii) Evidence of increased clarity / rationalization in institutional responsibilities for SPS and TBT</p>	<p>i) Increased coverage achieved: Standards development at ISC, upgrading fisheries value chain (Fisheries).</p> <p>ii) Standards development on key domestic industries and potential export product (e.g. milled rice) underway.</p> <p>iii) Value chains analysis</p> <p>iv) Risk management for CAMCONTROL</p> <p>v) Institutional clarification through inter-ministerial Prakas 868 on delineation of responsibilities.</p>
1b. Sustained progress in trade policy formulation and implementation in the area of trade facilitation (“12 Point Action Plan” and its successors)	<p>(i) Evidence of satisfactory progress in the 12 point action plan (and its successors)</p> <p>(ii) Proportion of containers physically open (%)</p> <p>(iii) Average time for imports / exports (days)</p>	<p>i) Implementation of MOC and GDCE (Customs) addresses key aspects of 12-point plan;</p> <p>ii) Online application for certificate of origin (ICT Master Plan)</p> <p>iii) Decreased over past 2 years (now only 25% of containers pass through red lane.)</p> <p>iv) Decreased to 4.5 days from 5 days over past 12 months.</p>
1c. Sustained progress in trade policy formulation and implementation in the area of legal reform and other WTO obligations	Evidence of higher compliance of Cambodia legal framework with WTO obligations	Draft e-commerce law and IP legislation in progress through the TDSP.
2. Increased transparency and user feedback mechanisms on trade-related processes	A transparent, consistent and sustained trade monitoring system grants regular access to trade information by stakeholders	<p>i) Roadmaps for the three pillars of the trade SWAp have been finalized by inter-ministerial Pillar Working Groups, reviewed and agreed by the inter-ministerial Implementing Committee; and endorsed the Sub-Steering Committee for Trade</p>

		Development and Trade Related Investment. ii) Awareness of Cambodia Investment Laws to Sub-national Levels, business association, and private sectors.
3. Strengthened institutional and human capacity in MoC, and other trade-related agencies	Increased efficiency and effectiveness of functions performed in critical MoC departments and targeted agencies	TDSP funds strategic projects i) trade syllabus at government training academy, ii) introduction of internal audit at MoC, iii) ongoing capacity enhancement of IAs and GDCE, iv) efficient deployment of human resources at MoC, v) finalization of Roadmaps, vi) implementation of POC, vii) ongoing training of implementing agencies in language, computer and project management skills, viii) comprehensive expert support to DICO and line agencies.

6. A large number of MOUs (21 in total) are currently under implementation across 14 implementing agencies. The mission team emphasized that this highly complex arrangement has significant transaction costs, and constitutes a source of possible implementation risk; the monthly coordination meeting organized by DICO is therefore an important process to mitigate this risk. The mission agreed with DICO that they may wish to explore ways of streamlining this arrangement by focusing on a smaller number of MOUs and implementing agencies.

7. In some cases, MOUs have expired. The delays in implementing programs that were signed in 2010 mean that the dates of some Memorandums of Understanding (MOUs) that were originally configured to cover the life-span of several individual projects are now out of date. It would be highly desirable for the MOUs to be updated to reflect the closing dates of the program or a reasonable lifespan for the project, to be agreed between DICO and the relevant IAs. During the update of the MOUs, the implementing agency may also wish to edit the original budgets to ensure that they are up-to-date and reflect more accurate cost estimates.

8. Focusing on the overall program, therefore, the following aspects of program implementation may warrant DICO's consideration:

- a. **Proliferation of MOUs and IAs.** Since the previous project review, important progress has been achieved in terms of formulating and financing strategic proposals. However, the number of implementing agencies and the number of MOUs that have been signed may constitute an implementation risk if allowed to proliferate further. For that reason the mission team would like to agree with DICO and Pillar Leaders that the number of simultaneous projects be limited to a manageable number and that the MOU process be streamlined. A smaller number of MOUs will also simplify the monitoring function.
- b. **Strategic Proposal Formulation:** Implementing Agencies face technical difficulties in formulating technical proposals addressing the priorities outlined in the Trade SWAp roadmaps. In future, it is recommended that the Pillars' Leaders use the completed roadmaps, providing technical experts with clear briefings for developing detailed project proposals. The World Bank pledges to continue assisting IAs with the formulation of project proposals for as long as DICO and the IAs wish this support to continue. World Bank support should be seen as a complement rather than a

replacement for DICO and IA work in this area. To avoid the conflict of interest associated with DICO and/or World Bank consultants formulating proposals and also evaluating them, the mission team recommends that the Pillar Working Groups should take over the primary responsibility for assessing proposals and forwarding those proposals to the Implementing Committee. A Strategic Consultant (to be recruited by DICO) can assist IAs to develop proposals without involving him or herself in project appraisal; and (ii) the current Project Implementation Consultant working for DICO can assist PWGs, the IC, and the SSC TD TRI to review and appraise proposals. The Project Implementation Consultant can also support DICO's monitoring and evaluation function. DICO may wish to ensure that the Project Implementation Consultant is responsible for ensuring that the M&E system is aligned to the overall monitoring structure delineated in the Pillars' roadmaps.

- c. **Monitoring and Evaluation can improve.** Given the considerable progress in finalizing and endorsing the Roadmaps, which provide a logical framework for understanding the outcomes of the SWAp and goal of the projects funded by the TDSP, the mission team nevertheless notes that the resources devoted to monitoring and evaluation (M&E) remain weakened to be strengthened. The recent departure of DICO's monitoring and evaluation consultant after a brief tenure may pose a temporary setback to the capacity of the M&E department. The mission team would like the agreement of DICO that a replacement be found to fill this gap as soon as possible. The mission team has been informed by DICO that the recruitment the successor is underway and will be finalized after the extension of the TDSP program has been finalized.
 - d. **Capacity of Implementing Agencies (IAs).** Although capacity building is a crucial element of institution-building programs such as this one, the capacity gap between DICO and the IAs has become more apparent as DICO has improved its efficiency. Several implementing agencies have reported difficulty meeting the standards required of the TDSP and the entire program has experienced delays as a result. The mission team seeks clarification on whether ongoing training for IAs is desirable and, if so, whether the World Bank can lend the expertise of its team to assist with this capacity building. The World Bank stands ready to offer any assistance that DICO requires to help them with the task of building capacity in IAs.
 - e. **Constraint posed by current closing date of 31 March, 2012.** The mission team notes that the delayed implementation of the project during the first 18 months means that, even with the accelerated disbursement since January 2011, the project implementing unit has a decreasing window of time to implement the large strategic proposals agreed at the end of the mid-term review one year ago. Procurement of consulting contracts and the approval of new strategic proposals have therefore been constrained by the forthcoming closing date of the project and, to a certain degree, lack of clarity about program extension. The mission team find it justified and therefore recommends that the Ministry of Commerce officially requests an extension of the program for 24 months as soon as possible.
9. The mission and the RGC agreed benchmarks to address these gaps:
- a. Institutionalize a mechanism under which the Pillars Leaders are responsible for identifying – in consultation with the Pillar members - priority areas for intervention within the roadmaps and developing Terms of Reference for technical experts (when required) to formulate project proposals. The Bank-executed trust fund will be used to organize a workshop in the first quarter of 2012 to support the Pillars' Leaders in setting up a simple methodology to prioritize project initiatives linked to the roadmaps. The mission team suggested that such a workshop could signal RGC's management of donor coordination by ensuring the coherence of the strategic proposals with ongoing and planned assistance from development partners, enhance the capacity of IAs to

carry out procurement and improve petty cash procedures in IAs. Although significant improvements have been achieved since the last review mission, efforts need to be sustained to ensure a better understanding of procurement rules by IAs. DICO may wish to intensify outreach activities for IAs to help them understand the procedural regulations of TDSP. The World Bank procurement team is happy to provide support to help address any procurement issues, if DICO and the IAs desire such support.

- b. Recruit a new M&E consultant. Additionally, DICO may also wish to consider strengthening the entire M&E process with the support of the World Bank team. The World Bank can share some good examples from other countries on enhancing M&E for trade programs, if desired.
- c. The mechanism to ensure a more proactive formulation of strategic and sound project proposals on trade-related themes cutting across implementing agencies would need to be fine-tuned to achieve more effectiveness. The purpose would be to address the current gap between the strategic platform, represented by the pillars' roadmaps, and the operational dimension of the project formulation. DICO acknowledges this important issue and will coordinate with IC to define priorities for future TDSP intervention. In that context, the BETF could contribute to provide feedback on selection by MoC and IC. The World Bank is ready to support this process if requested by DICO or the Pillar Working Groups.
- d. The adoption of the Pillar Roadmaps ensures that a coherent results framework for the Trade SWAp now exists. The participation of the private sector in the Pillar II workgroup has begun. The mission team noted that representatives of the Cambodia Chamber of Commerce attended the most recent Pillar II workgroup meeting, thus, establishing a link between the private sector and the Trade SWAp. The monitoring capacity of DICO also needs to be strengthened, as it will play a critical role in ensuring that the projects funded under the TDSP contribute to achieving the KPIs identified in the pillars' roadmaps.
- e. Officially request an extension of 24 months for program implementation.

10. **The mission and the RGC agreed that, in order to achieve the PDO, efforts need to be intensified.** It would be highly desirable to consolidate the program's efforts around a limited number of agencies and a limited number of tasks. The mission observes that ownership for the design, around a sector-wide approach, remains very strong in the Ministry of Commerce and in an increasing number of other ministries. The agreement about the above benchmarks combined with the agreed changes in implementation arrangements provides the necessary assurance that the PDO should be back on track by the time of the next supervision mission, scheduled for approximately July 2012.

11. **Development Partners expressed their appreciation for the Royal Government of Cambodia's efforts to put the program back on track, confirming their continued support and signaling the intention to replenish current funding.**

12. **In the meantime, the mission and the RGC have agreed to prepare an adjustment of the results framework to reflect the development of the Trade SWAp's pillar roadmaps.** Each roadmap provides a set of indicators for each building block (or theme) of these pillars (e.g. trade facilitation or legal reform in the cross-cutting reform pillar; trade policy research capacity or MoC implementation capacity in the capacity development pillar). With technical support mobilized under the Bank-executed fund, the RGC has finalized and adopted the Trade SWAp's pillar roadmaps.

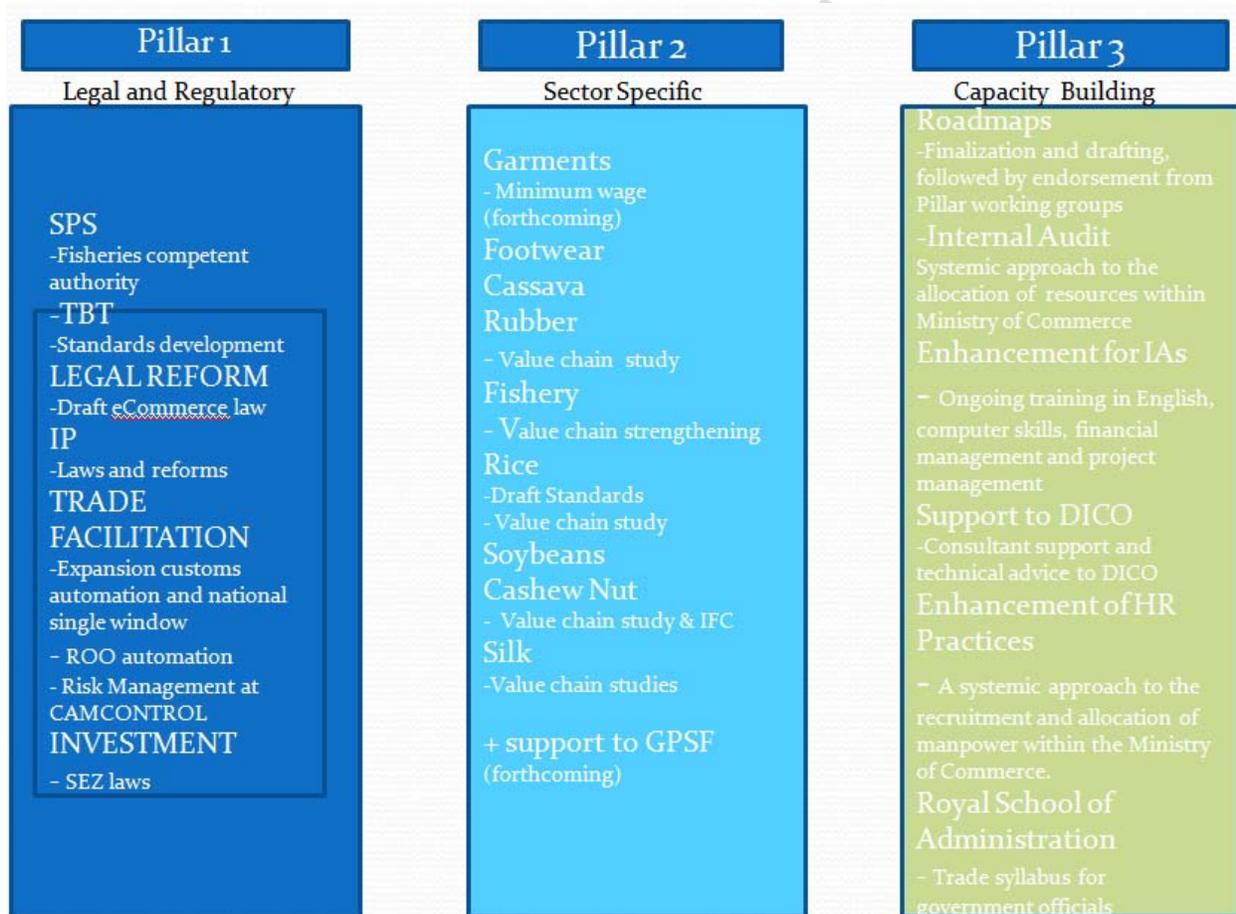
3. Progress by Component

13. This section reviews progress under the three pillars of the Trade SWAp. The mission team is delighted to note that the Roadmaps for Pillars I, and II and III **are finalized and endorsed.** This is a strong sign of the RGC's commitment to the program and a compliment to the efforts of the many officials involved in compiling and reviewing these documents. The ratification of the Roadmaps provides a signpost for the strategic alignment of proposals received by DICO with overall pillar goals and as a means of structuring donor coordination within the trade SWAp. The team underlines the importance of keeping the Roadmaps up-to-date, as they are living

documents evolving continuously to changing needs and priorities of the RGC with respect to trade reform. The formulation of strategic proposals, which has been supported in part by the Bank-executed trust fund, should contribute significantly to the possibility that the program achieve its PDOs, if an extension of the implementation period is granted.

14. The figure below illustrates the three pillars with an indication of a select number of projects that are taking place within each Pillar. Note that each pillar contains a number of sub-categories, under which specific projects have been formulated and implemented. Pillar III deals with capacity building for government officials to formulate and implement appropriate trade policy for Cambodia; the projects appearing under Pillar III therefore all contribute to the overall pillar goal rather than to sub-components within it (see Figure 1 below.)

Figure 2



15. **Pillar I** :The legal and regulatory reform agenda is largely on track. Delays in recruiting legal consultants for the intellectual property (IP) and Legal Affairs departments were due to delays from the World Bank in providing No Objection for these key contracts. The trade facilitation agenda has been affected by political considerations weighing on the country program this year, but the amount of work underway in this area is significant, particularly the automation of the certificates of origin issued by the Ministry of Commerce and the strategic proposal for General Department of Customs and Excise (GDCE) that are adding to the efficiency of trade transit times, regulatory transparency and the development of a national single window.

16. Cambodia has suffered from lack of agreed and endorsed international standards in the production of key export commodities such as rice. (China has repeatedly refused rice imports on these grounds.) The formulation of draft standards in this area is a key step towards enhanced export growth, so long as the private sector

participates in and endorses this process. A TDSP project funds the Institute of Standards Cambodia to address this gap by drafting official standards for the endorsement of the private sector.

17. **Pillar II:** Cambodia's lead export promotion strategy is focused on rice. In support of this strategy, the TDSP has initiated projects to support the rice value chain and activities of the trade promotion department at Ministry of Commerce. (A forthcoming strategic proposal will allow just-in-time market and standards information be disseminated directly to exporters.) In other sectors, the cashew nut, silk, garments and footwear industries are expected to benefit from further sector studies. The integration of the private sector more fully into the SWAp will take place through the forthcoming support to the Government-Private Sector Forum.

18. Trade Promotion Department (TPD) would benefit from ensuring that qualified staff are assigned in appropriate numbers to fulfill the Value Chain Unit's project objectives. A Prakas on the internal assignment and responsibilities of staff was the method chosen originally for the deployment of staff. Although the Prakas was effective in obtaining staff for the unit, it has not been sufficient in ensuring ongoing attendance or, in some cases, the quality of the work. Therefore, the Ministry may wish to consider a deployment of personnel that fits the work program of the unit and results in more efficient output.

19. **Pillar III:** Capacity building in DICO and IAs has been enhanced by the approval and implementation of several key projects. A trade syllabus is being developed to train officials at the government's Royal School of Administration. A capacity building initiative for the deployment of human resources at the Ministry of Commerce is underway. The internal audit department at Ministry of Commerce is also being restructured and enhanced under a TDSP-funded project. The general capacity of implementing agencies is being addressed through a project that provides a rolling series of training for IA officials in language skills, project management and computer skills. Human resources and general expert support to DICO and IAs are also in place. The mission team informed DICO that restrictions on some types of training activities are still in place. These restrictions relate to overseas study tours and workshops.

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4. Priority Operating Costs (POC)

20. The Council for Administrative Reform (CAR) is conducting POC evaluation nationwide. According to a recent update from DP co-facilitators for the technical working group on public administrative reform, results of the evaluation will be available by end of March 2012.

In TDSP, the POC currently finances 22 positions at DICO, plus 2 management positions (a further two posts have not been filled.) DICO has set up the staff positions, filled them using a competitive process and has been appropriately disbursing payments from TDSP budget.

21. IAs have been vocal in their desire to access POC funds for their work under the TDSP. The mission team has explained the evolving position of donors with respect to POC payments under new projects, which were ceased for new projects on July 01, 2011. As a result of the declining support for POC payments among development partners, no POC scheme for IAs has been developed.

22. DICO and the IAs requested the mission team to recognize the role of POC in uplifting the morale of the staff and improving the efficiency of DICO' in working towards the achievement of the PDOs. The EU has stated clearly, however, that no trust funds in which they participate can offer POC as of July 1, 2012.

5. Financial Management (FM)

23. **Disbursement:** As of December 12, 2011, the cumulative disbursements including the Designated Account (DA) balance is US\$ 2.30 million (or 18.66 % of the total allocated amount). The 21 MoUs already signed amounts to US\$ 6.6 million. However, it is not expected that the full amount could be disbursed by current closing date which is March 31, 2012. Based on current projection, total estimated expenditures up to the current closing date is US\$ 3.67 million (or 29.75% of total allocated amount) increased by US\$ 1.37 million mainly from the signed contracts. Total estimated undisbursed balance is US\$ 8.67 million. The World Bank revoked the NOL to cancel international training at the World Customs Organization (WCO) in Brussels, Belgium, from June 27 to July 8, 2011

which was adversely impact of TDSP disbursement amount of \$73,798. Other forms of international training are currently postponed or must be reviewed for approval at regional level on a case-by-case basis.

24. The overall financial management performance of the Project rewash assessed during this mission and based, on the progress made during last 7 months, the FM performance rating is considered satisfactory (upgrading from moderately satisfactory) as the remaining FM actions (as stated in Annex II) from the last supervision mission have been completed and FM tasks are carried out in a satisfactory manner.

25. Budget:The annual workplan and budget for 2012 and 2013 was submitted to the Bank for review on December 13, 2011. However, it was agreed during the mission that the review by the Bank will be conducted in two phases, wherever appropriate, for the budget (i) from January to March 31, 2012 and/or (ii) from rest of nine months for 2012 and/or 2013 upon the decision of closing date extension.

26. Fixed Assets:The mission was informed that physical count and verification of fixed assets at all IAs would be conducted and completed by February 29, 2012.

27. External Audit: The mission verified that audit recommendations for FY2010 have been fully implemented. The financial audit for FY2011 for TDSP has been included as part of the second bundled audit. The selection is being processed by IPA and the MEF will notify DICO and the World Bank upon the audit contract finalization.

6. Procurement

28. Procurement Capacity: The Bank's mission was informed that the hand-on procurement training has been continuously provided by the international procurement consultant to the government procurement staff.The World Bank mission noted that the capacity of procurement staff has significantly improved. The new staff in this unit are encouraged to fully participate in the actual procurement works carried out by DICO under the direct supervision of the chief of the procurement unit, and also to attend any future available procurement training workshops to be provided by MEF or World Bank procurement staff.

29. Procurement Progress and procurement plan: The Bank's mission found that the very good progress of procurement work has been continued from the mission in April 2011. However, the current closing dates of the project (March 31, 2012) will not enable DICO to successfully procure some packages of the approved procurement plan. Some critical packages (i.e. Development and Implementation of Collaborative Information System, IT Support for ICT Master Plan, and so forth) may be procured by this closing date, but the execution of their contracts will be carried out only if the extension of the closing date of the project is warranted. The Bank's mission further encouraged DICO and concerned units to keep up their strong efforts.

30. Bank's response service standard: DICO raised its concern regarding the delay of past responses from the Bank, particularly for the legal positions that required the clearance of the Bank's concerned legal unit. The Bank's mission acknowledged that the concern was valid and the Bank's task team will do their best to improve the future response time To streamline the procurement procedures, DICO has requested to (i) to increase the threshold for prior review for individual consultants to \$100,000 (ii) increase the threshold for NCB handled by DICO to \$100,000. World Bank policies on this issue are set at a regional level and exceptions are unlikely in this case but the World Bank task team has nonetheless pledged to continue discussions on this issue.. The mission team also suggested the PIU should consider discussing this issue with the Ministry of Economy and Finance (MEF).

31. The Bank's mission informed DICO that the Bank's response service standard for a procurement request is seven working days, while in the case of a request that needs a clearance of the higher authority than the authority of the Bank's task team assigned to the project, the Bank's response service standard is 10 working days or more. In case the Bank's task team requires longer than the applicable service standard to complete the review

of a request, an acknowledgement letter/email should be sent to the implementing agency through the TTL, indicating when a reply may be expected. In regard to the proposal for increase the prior review thresholds, the Bank's mission informed DICO that the task team will take this request into consideration and will confirm the Bank's decision in the next mission.

Annex I

Recommended Action Plan:

Next steps	Responsible	Target date
1. The mission team reminds DICO that activities mentioned in the Action Plan of DICO, as well as the first two Aide Memoirs in November 2010 and April, 2011, continue to be relevant unless those activities have already been completed or are further modified in this table.	All	Immediate
2. Organize a workshop on defining strategic proposal and priority areas for the RGC in coordination with all donors. The Workshop may benefit from the inclusion of a mapping of existing technical assistance supporting the Pillars. The mapping could usefully highlight the areas in which assistance has been lacking and weigh those areas against government priorities.	DICO, PIA, CA, and PWGs	31 st March, 2011
3. Please coordinate with MEF to submit the WB for 2 years program extension request letter including (i) action plan, (ii) the revised TDSP procurement plan	NPD and MEF	Immediate
4. The selection of Strategic Consultant under RETF (e.g. 100 days for 2012) to draft strategic proposals. DICO will convene a high-level workshop to define a minimum 5 strategic proposals. The recruitment of a strategic consultant for individual subjects may be useful. The	NPD, NPM, LOs, and PIAs	16 th April 2012

strategic consultant can draft the proposal (in line with the wishes of the IAs) and continue working with the IAs on monitoring and evaluation.		
5. The contract of Strategic Consultant recruited under BETF should be extended (e.g. 20 days) to finalize the 3 prioritized strategic proposals SEZ automation, GPSF, and AMIS.	SC	29 th February, 2012
6. The Mission encourages the Ministry of Commerce to consider designating a competent senior official as focal point for Strategic Guidance to address core trade development issues and advise on the strategic proposal development.	SM	29 February, 2012
7. Move existing projects to Phase II: As soon as the extension of TDSP has been granted, DICO is reminded that existing proposals should be moved to Stage II where appropriate. For example, the Fisheries project has several components that were due to commence pending the approval of project extension.	DICO, relevant IAs, and IC	29th February, 2012
8. The Ministry is requested to appoint a replacement for the outgoing National Project Manager	SM, SS, DG, NPD	29th February 2012
9. Physical count and verification of fixed assets at all IAs	NPD, NPM, and COF	29th February, 2012

<p>10. To ensure coordination and improved communication, the mission team requests DICO to hold regular review meeting on TDSP operations issues (egprogresses that have been made by IAs, review and endorse new proposed strategic proposals, update regularly on KPIs, building bloc of pillar roadmap) as per the following schedule:</p> <ul style="list-style-type: none"> - Monthly meeting with IAs, with optional participation of World Bank - Monthly IC meeting, with optional participation of the World Bank - Quarterly SSC meeting 	<p>NPD, NPM, LO, and IAs, WB</p> <p>NPD, NPM, and IC</p> <p>NPD, NPM, and SSC</p>	<p>16/Jan/12</p>
<p>11. To ensure the well functioning of the Pillar Working Groups, the mission would like to raise for the consideration of MOC a schedule for regular meetings on a quarterly basis to review Pillar issues and review proposals.</p>	<p>PWG, DICO, IC, and SSC</p>	<p>29/Feb/12</p>
<p>12. The mission team requests DICO to encourage the Pillar Working Groups to review their membership. Many officials are no longer active participants and many of them are limited in their decision-making role.</p>	<p>PWGs, IC and SSC</p>	<p>30th June, 2012</p>
<p>13. The mission team recommends the development of a matrix table of the approved projects results framework including expected outputs, key performance indicators, activities, relevant roadmap building block, timeframe, budget, disbursement, balance, progress status, risk, issues, challenges, and remarks</p>	<p>NPD, IC, SSC, PIA, CA, MA, SC, and M&E Official / Consultant</p>	<p>31st May 2012</p>
<p>15. To ensure efficiency in project monitoring, a completion report of each IA project should be fulfilled not later 45 days after the completion date.</p>	<p>IA, LO, NPM, NPD, PIA, MA, CA, IC, and SSC</p>	<p>45 days after the closing date of the project</p>

<p>16. The mission team reminds DICO and the IC to update the countersigned MoUs to reflect the revised expected output/KPIs/activity/budget, new timeframe, etc. Also, the number and format of MOUs may need to be reassessed in order to streamline and consolidate the number of projects under review. The amendment countersigned MoUs should be shared with the WB as Program Administrator.</p>	<p>SSC, IC, NPD, NPM, IA, PIA, MA, and CA.</p>	<p>by 2nd SSC meeting in 2012, or 4th April (whichever is sooner)</p>
<p>17. The mission team recommends the immediate recruitment of a replacement for the outgoing M&E consultant</p>	<p>M&E, NPM, NPD, CoP, and PRC</p>	<p>31st March 2012</p>
<p>18. DICO is encouraged to conduct a regular monitoring, e.g. every 6 months to the performance of IAs, review their achievements, the progress has been made, project risks, management issues, and operational challenges to all 21 approved projects.</p>	<p>NPD, NPM, M&E, LO, CA, PIA and IAs.</p>	<p>31st May 2012 and 30th November 2012</p>
<p>19. For maximum efficiency in donor coordination and financial management, the mission team requests DICO to develop a joint 2012 annual and quarterly workplan and budget plan for EIF and TDSP, presented as separate plans in a combined document.</p>	<p>NPD, NPM, CoF and FAs</p>	<p>Q1 = 15/Jan/12 Q2 = 01/Apr/12 Q3 = 01/Jul/12 Q4 = 01/Oct/12</p>
<p>20. To remedy the confusion within IAs about procurement procedures, the mission team recommends that procurement training be provided to the procurement unit and IAs be conducted according to the following parameters and guidelines:</p> <ul style="list-style-type: none"> - principle of procurement under the WB-financed project; - SOP and Procurement Manual for externally financed projects/programs in Cambodia 	<p>NPD, NPM, , CoP, PA, LO, and PRC</p>	<p>1st April 2012</p>

21. Setting procurement working standard response for each procurement stage	NPD, NPM, CoP, PA, MA, and PRC	15 th February 2012
22. REOI should be shared with IAs for wider circulation to attract more competent and qualified applicants	NPD, NPM, ,CoP, and PA.	Immediate
23. DICO is encouraged to make exceptional NOL requests to the Bank for its no objection in case of urgent needs, such as (i) if the Budget Plan or updated Procurement Plan is yet to be approved or in review; or (ii) in the case of emerging important activities that are yet to be incorporated in the existing budget plan or procurement plan.	NPD, NPM, and CoP	As needed (exceptional case)
24. DICO is encouraged to make long term agreement with suppliers and service providers for pole services to all IAs and DICO itself. Ideally one year contract through a complete bidding of the following goods and services under IOC budget: <ul style="list-style-type: none"> - Office stationery; - Car rental services; - Interpreters, translators, interpreter booth, headphone set; and Meeting room services including catering in 5 geographic locations (Phnom Penh, Sihanoukville, Siem Reap, Battambang, and Kompong Cham).	PND, NPM, CoP, CoF and IOCC	15 th March 2012
25. POC performance evaluation follow the POC PMAS	POC Director, PND, and NPM	15 th March 2012
26. The World Bank and other donors would benefit from detailed and constantly updated information from MOC with respect to any additional support received in support of the Pillar Road Map implementation (for example, the EIF, ADB, JICA and others.)	NPD, NPC	29 th February, 2012
27. DICO may wish to consider reviewing the TDSP proposal templates to assess whether they can be more user-friendly and more efficient in terms of including M&E indicators against the KPIs in the roadmaps.	DICO	TBC

Acronym:

CA Communication Advisor (either National or International)
CoF Chief of Finance

CoP	Chief of Procurement
FA	Finance Advisor (either National or International)
IC	Implementing Committee
IOCC	IOC Committee
LO	Liaison Officer
MA	Management Advisor (either National or International)
M&E	Monitoring and Evaluation Official / Consultant
NPD	National Project Director
NPM	National Project Manager
PA	Procurement Advisor (either National or International)
SC	Strategic Consultant

DRAFT

Annex II: List of the Mission Team

World Bank

1. Mr. Julian Clarke, Trade Specialist
2. Mr. Enrique Aldaz-Carroll, Senior Country Economist
3. Ms. Mona Haddad, Trade Sector Manager
4. Mr. VannaraSok, Operations Officer
5. Mr. HuotChea, Senior Economist
6. Mr. SrengSok, Procurement Specialist
7. Ms. Kimhin Sun, Financial Management Specialist
8. Ms. LynaChea, Program Assistant
9. Ms. Lyden Kong, Team Assistant
10. Mr. Gerard Mclinden, Senior Trade Facilitation Specialist

DANIDA

11. Mr. Jacob Jepsen, Program Officer, DANIDA

The European Union

12. Ms. Laura Liguori, Political & Commercial Affairs Officer

UNIDO

13. Mr. NarinSok, Head of Operations

Annex III: Updated Good Governance Framework

GOOD GOVERNANCE FRAMEWORK APPLICABLE TO RECIPIENT-EXECUTED TF

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring¹	Status as at November 30, 2011
1	Element 1: Procurement				
1a	Ensure transparent and efficient procurement	<p>Unless otherwise agreed to between the RGC and the WB, the RGC shall use the services of an IPA engaged by MEF under TOR satisfactory to WB for all procurement funded from the TF, except procurement:</p> <p>(i) through direct contracting;</p> <p>(ii) from UN agencies;</p> <p>(iii) of goods estimated to cost less than US\$50,000 per contract,</p> <p>(iv) of works estimated to cost less than US\$100,000 per contract,</p> <p>(v) of consulting firms by Single Source Selection;</p> <p>(vi) of NGOs as consultants, and</p> <p>(vii) of individual consultants</p>	IPA has commenced work.	To be incorporated in Financing Agreement. Supervision of IPA by the RGC's Inter-Ministerial Procurement Committee (IPC). WB to monitor through quarterly portfolio review meetings, biannual procurement supervision missions and procurement prior and post reviews.	DICO still use IPA for procurement for amounts above the threshold. IPA-CKP has procured 1 service contract and 3 goods contracts. Additionally, 2 other goods contracts and 1 service contract is currently ongoing.

¹Unless an alternative target is given in this column, all mitigation measures will commence when Program activities begin and continue throughout the Program.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<p>Procurement of contracts under items (i) to (vii) may be undertaken by MoC.</p> <p>For procurement undertaken by the IPA, MoC shall arrange for technical specifications and TORs to be prepared (see item 1b) and handed over to the IPA, which shall prepare bidding documents, call and evaluate bids, notify award, and have the contract agreement ready for review and signature by MoC.</p>	MoC	WB to monitor through supervision missions and prior and post reviews.	<p>DICO has signed 29 prior review contracts and 28 post review contracts</p> <p>DICO implements the actions suggested to mitigate the risks</p>
1b	Strengthen the design, delivery and contract administration capability of MoC.	MoC to engage consultants to assist on design, delivery and contract administration and train staff in the Department for International Cooperation of MoC and sub-national level staff. Training will include strengthening of MoC/DIC fiduciary responsibilities.	MoC to prepare TOR with WB NOL.	Agree TOR during appraisal. IPA to start recruitment immediately thereafter, with consultants in place not later than one month after effectiveness. MoC to monitor their work and evaluate their performance every six months. WB to verify during supervision missions.	In total DICO has signed 35 individual consultancy contracts and out of which eight consultants are working for DICO, four has resigned and the rest are working for IA's
1c	Insufficient procurement capacity of MoC	MoC to designate at least one Procurement Coordinator (national procurement consultant unless a qualified government staff is available) with WB procurement	MoC. Consultants' TORs to be subject to WB NOL.	Consultant(s) to be in place within 2 months after Effectiveness. MoC to monitor performance with six monthly reporting. WB to verify during supervision	Currently the procurement unit is headed by a unit chief, assisted by two staff appointed in April and supported by one International

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<p>experience to coordinate and follow-up procurement activities between MoC, line agencies which have activities financed by the Program, the IPA, MEF and WB. In addition, an international procurement consultant will be engaged for 6 months to put in place effective procurement systems within MoC and capacity building of Government staff.</p> <p>Further training to strengthen procurement capacity of MoC staff to be supported under the Program and coordinated with the government's Public Finance Management Reform Program.</p>	<p>MoC/MEF to coordinate procurement training under the Public Finance Management Reform Program. Training program to be agreed among MoC, MEF and WB.</p> <p>WB agrees to provide procurement orientation to IAs and line departments immediately after effectiveness.</p>	<p>missions.</p>	<p>Procurement Expert, (commenced work on 10 February 2011), one National Procurement Co-coordinator (commenced work on 24 November 2010).</p> <p>The International Procurement Expert has been providing on the job training as well as some in-house training to the procurement staff. In addition, one DICO staff was sent to AIM Manila and another was sent to ITCILO Turin for short term training course.</p> <p>The Bank's procurement staff provided several procurement trainings including the joint training workshops for the whole portfolio of the Bank-funded project in Cambodia.</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
1d	Clear procedures and thresholds needed.	IPA to be instructed to follow WB's Procurement and Consultant Guidelines and the procurement provisions of the Financing Agreement, including the use under NCB and Shopping methods the RGC's Manual on Standard Operating Procedures for Implementing Externally Assisted Projects (SOP) including the Externally Assisted Procurement Manual for Goods, Works and Services (SOP/PM), mandated by Sub-Decree No. 14 dated February 26, 2007.	MEF – included in IPA's TOR.	Supervision of IPA by the IPC. WB to monitor through supervision missions and quarterly review meetings among MEF, IPA and WB.	DICO is following the procedures with the assistance of IPA and PRC
1e	Informal payments by contractors suppliers and consultants	All contractors, suppliers and consultants – firms or individuals, national and international – bidding for contracts under the Program shall sign the Declaration on Ethical Conduct and Fraud and Corruption as articulated in the SOP/PM. Item 5 of the Declaration will be extended to read: “In connection with this procurement exercise and any contract that is awarded to us as a result thereof, no payments have been made or will be made by us, our associates, agents, shareholders, partners or	IPA through MEF instruction for procurement carried out by the IPA. MoC for procurement that it carries out under item 1.a.	MoC to monitor. WB to verify during prior and bi-annual post reviews.	In every procurement activities DICO is ensuring that contractors are signing Declaration on Ethical Conduct and Fraud and Corruption. Besides suppliers PRC members also sign similar declaration. Since September, a member of MOC-ACU has been invited as an observer in all PRC meetings.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<p>their relatives or associates to any of the staff, associates, consultants, employees or relatives of such who are involved with the procurement process, contract implementation, and the issuance of progress payments on behalf of the purchaser, client or employer.”</p> <p>Include amended Declaration in all bidding documents, RFPs, and contracts.</p>			
1f	Inadequate or delayed Procurement Plans	Preparation of realistic annual Procurement Plan for goods, works and consultant services to be financed from the TF designated account, based on the AOP.	MoC with IPA support and WB NOL.	First 18-month Procurement Plan to be agreed at Appraisal. MoC to submit annual revisions, with preliminary estimates of expenditure to MEF annually in June (for MEF budget preparation), preliminary updated plan by September, and final updated plan by December.	Procurement plans are updated regularly and submitted to the WB for NOL. The last one was submitted October 21, 2011 and re-submitted on November 25, 2011.
2	Element 2: Financial Management				
2a	Weakness in MoC FM capacity.	A Financial Advisor will be appointed under TOR acceptable to the WB, to assist MoC to implement the Program and train MoC FM staff. Functions of the	MoC to prepare TOR with WB NOL. IPA to recruit	Agree TOR during appraisal. IPA to commence recruitment immediately thereafter and Financial Advisor to be in place by	National Financial Advisor has commenced working from January 2011 and an International Advisor is working from

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		Financial Advisor will include installation and ensuring functioning of the accounting system and controls, training, mentoring and oversight of MoC financial management staff.	with WB NOL.	effectiveness.	February 2011
2b	Need to upgrade accounting systems in DIC/MoC.	DIC/MoC will install a computerized accounting system with appropriate software to be identified and a chart of accounts to be developed specifically for the Program, under guidance from the existing FM consultant on the MoC's Trade Facilitation and Competitiveness Project (TFCP).	MoC to select and install appropriate software satisfactory to WB, with TFCP consultant's guidance.	Select software during appraisal. Install and train DIC staff to operate by one month after effectiveness. MoC to monitor correct application and IDA to verify during FM supervision missions.	Since February 2001, Accounting transactions are recorded in CONICAL HAT and financial reports generated from the system
2c	Weak internal controls.	Adopt SOP/FMM already mandated by Sub-Decree No. 14 dated February 26, 2007. Supplement by detailed procedures in a Program specific FM Manual, which shall include controls of 'soft expenditures' i.e, those related to training and workshops such as: fuel, per diems, accommodation, travel/transportation, stationary and maintenance costs, until such time as MEF issues guidelines to all line agencies (see item 2i).	MoC. WB NOL to Program specific FM Manual.	Note in Financing Agreement, Program FM Manual satisfactory to WB to be completed by effectiveness. MEF and WB to monitor adoption of SOP/FMM and WB FM supervision missions to verify compliance with Program specific FM Manual.	The SFMM was updated in June 2011 with standard costs for various soft expenditures and DICO received the NOL in August 2011. Subsequently, DICO provided training to IA staff on the Standard Cost and the SFMM

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
2d	Clarity of FM reporting to WB.	Formulate and agree on a template for quarterly Interim Financial Reports (IFRs), to be furnished by MoC to the WB not later than 30 days after the end of each quarter.	MoC with WB agreement to template.	Agree on the IFR format and content by appraisal. MoC to ensure timely and satisfactory quality of each report and timely submission. IDA to monitor during review of IFRs.	The quarterly IFR's are completed from the reports generated from Conical Hat
2e	Strengthen Internal Audit Department (IAD) of MoC	MoC will appoint an Internal Audit Advisor 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 staff.	MoC to prepare TOR with WB NOL. IPA to recruit with WB NOL.	Agree TOR by appraisal. IPA to commence recruitment immediately thereafter, with Advisor in place three months after effectiveness.	Since 2010, the IAD is assisted by an International Advisor on an intermittent basis. In the third quarter of 2011, DICO recruited a National Advisor. IAD submitted a project proposal to D/ICO to strengthen its capacities. D/ICO advised IAD to (1) use relevant Pillar Road Maps to link the proposal to SWAp, (2) to work with relevant Pillar Working Groups and (3) to consider submitting the proposal only after the confirmation that TDSP can be extended beyond March 2012.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
2f	External audit.	An independent auditor acceptable to WB will be appointed to carry out an annual audit of Program financial statements and effectiveness of internal controls, in accordance with TOR satisfactory to WB.	TOR satisfactory to WB already agreed. MEF to recruit external auditor through bundling with other projects.	MEF to complete recruitment of external auditor who should be in place six months prior to due date of first annual audit.	DICO has completed the annual audit, combined with EIF, for 2010 and submitted the report to the WB
2g	Minimize cash transactions	All progress payments to contractors, suppliers and consultants – firms, individuals, national and international – to be made by check or transfer to bank accounts. Each cash transaction not to exceed US\$500 limit as per SOP/PM. Retain evidence for audit and WB supervision missions.	MoC	Note in financing agreement. MoC to monitor as part of the scope of internal and external audits. WB to verify during FM supervision missions.	Only transactions less than US\$ 200 are paid by cash.
2h	Eliminate inconsistencies in allowances in paid to Government staff attending training, workshops and study tours.	Adopt DSA rates in Anukret 10 of April 12, 2004, updated in respect of DSA rates for in-country travel by MEF Decision Letter No. 2000 dated April 23, 2007. For international travel, some DSA rates specified in Anukret 10 are position-based and/or higher than UN norms, and are not acceptable to WB for application on WB-financed projects. In such cases, WB will apply a ceiling for reimbursement equivalent to its own rates in use at the	MEF/WB to discuss and agree standard DSA for international travel, after which MEF to advise MoC.	Rates to be agreed by August 2009. Until then, for international travel, MoC may use WB rates. WB to monitor through FM supervision missions.	Currently, DICO is following the sub-decree for DSA and for the other expenses related to the training and Workshops, DICO is following the rates agreed with the WB and based on the training plan approved by the WB.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		time of travel.			
2i	Planning of training, workshops and study tours.	<p>Establish Annual Training and Workshop Plan as part of the Annual Operational Plan (but discretely identifiable) to be endorsed by WB together with AOP endorsement. MoC will review regularly and update biannually. Plan should include:</p> <ol style="list-style-type: none"> 1. Detailed costs estimates. 2. Eligibility rules for attending training, workshops and study tours. Attendees must: <ul style="list-style-type: none"> • be engaged in work relevant to the training; • be competent in the language used; • after return, report on and share their experiences for the benefit of the Program. 3. Evidence that training, workshops, study tours and other similar activities: <ul style="list-style-type: none"> • are in line with Program aims and objectives; • meet identified needs within the sub-component plans; • have budget in line with 	MoC, which should follow Working Group guidelines when issued (see below). Subject to WB NOL.	Submit first Plan to WB by 3 months after effectiveness. Thereafter annually along with AOP, with biannual updates submitted together with IFRs.	<p>A detailed budget was prepared by DICO for all the training and Workshops and submitted to the WB. Currently, DICO is following this budget plan.</p> <p>Fund allocated for All the overseas training and workshops has been frozen by the World Bank during 2011</p> <p>Attendance sheets are available and Reports are prepared along with financial details</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<p>planned expenditure.</p> <p>Cost guidelines to be established for selected training/workshop activities:</p> <ul style="list-style-type: none"> • venue rental with refreshments/meals; • sound and projection equipment hire; • stationery/hand-outs ; • Program-specific training and workshop materials; • simultaneous translators; • photocopying, reproduction, translation. <p>Define evidence to be submitted by attendees for reimbursement of expenses which may include:</p> <ul style="list-style-type: none"> • proof of attendance for period claimed with signed statement by the workshop, training or study tour organizer or host; • proof of travel by air – ticket stubs, travel agent’s receipt, airline boarding passes; <p>Reimburse against receipts except where covered by fixed allowances in MEF’s letter No. 2000.</p>	<p>Working group comprising MEF, IAs of all projects and WB.</p> <p>Working group to define evidence and include in directive. MoC to ensure compliance.</p> <p>MoC</p>	<p>MEF to establish working group by August 2008. Issue directive to all WB-funded projects by October 2008.</p> <p>Directive issued by January 2009. WB to monitor SOEs with withdrawal applications.</p> <p>WB to monitor SOEs with withdrawal applications.</p>	<p>DICO has worked with the WB and established a cost guidelines by June 2011 and obtained approval</p> <p>The SFMM has been updated stating the evidence required. As there were no overseas training activities, there is no such evidence yet.</p> <p>DICO always follows the actuals for expenses</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		Evidence of payment to be kept for attendees' per diem and allowances.	MoC	WB to verify during FM supervision missions.	Signatures are obtained when per diem and etc paid
2j	Delayed or non-existent reconciliation of advances for operating costs and expenses	The Program will maintain an advances register, as well as vehicle log books and fuel registers. Advances of operating expenses to staff or field offices to be reconciled within two weeks of the end of each month. No further advances to be paid to staff or field offices until the previous advance to those staff or offices has been reconciled and cleared against documentary evidence.	MoC	WB to verify compliance during FM supervision missions	DICO is maintaining an advance register for all the advances made, purpose of the advance, and recipient of the advance and the date of liquidation. Two vehicles delivered on 18_October2011 .Vehicle log books and records of relevant expenses are duly verified and on file .
2k	MoC to adopt the MBPI	MEF and MoC agree that MoC will adopt RGC's MBPI. The MBPI will be implemented strictly according to an MBPI Manual to be prepared for the Program.	MoC to complete the Program-specific MBPI Manual for MEF and WB approval.	Cost sharing basis to be specified in the Financing Agreement. Manual to be approved before first disbursement of MBPI funds. MoC to monitor application, WB to verify during FM supervision missions.	Currently MOC is adopting Priority Operating Costs, instead of MBPI.
3	Element 3: Disclosure				

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
3a	Minimize conflict of interest among Program staff	Program staff to disclose private and public affiliations or personal interests before becoming involved in any Program-related transaction or contract award decision.	MoC Program Director to request and retain written disclosures.	WB to monitor during supervision missions.	So far no conflict of interest has been found or reported
3b	Enhance transparency through greater public disclosure of Program information	<p>Agree on information to be disclosed on MEF and MoC websites biannually, with hard copies available for public inspection on request, at locations to be agreed. At a minimum, disclosed information should include:</p> <ul style="list-style-type: none"> • Program name, objectives, original and revised amount, sources of funding, effectiveness date, original closing date, revised closing date, 	<p>MoC and WB to agree final list and locations for public inspection of hard copies.</p> <p>MoC to arrange disclosure. IPA may disclose procurement information when</p>	<p>Agree by three months after Effectiveness.</p> <p>Biannually. WB to verify during supervision missions.</p>	<p>DICO has established a website and a local server. Updating of these are ongoing on a regular basis together with the establishment of LAN. DICO will now migrate the website outside MoC Domain Name.</p> <p>A number of REOIs as well as Summaries of Bid Evaluation have been successfully uploaded on the Website for public disclosure.</p> <p>D/ICO organized 4 advocacy courses for province officials</p> <p>DICO monitors all activities of the Program through regular meetings at high levels of the IC and</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<p>number of extensions, name and address of implementing agency, name of Program Director with contact information, name of WB TTL and contact information in the MEF-WB unit and in the WB Office in Cambodia.</p> <ul style="list-style-type: none"> • Details of Program components, percentage completion, data on performance indicators. • AOPs, and procurement plans excluding cost estimates, identifying contracts to be procured in the next 12 months, nature of each contract, location, method of procurement, means of advertisement, bidding period, location where bidding documents and RFPs can be inspected, expected date of availability, and cost of bidding documents. • Consultant long and short lists. • Bidding documents and RFPs available for inspection. • Bid closing dates, names of bidders and their bid prices at opening. • List and detail of contracts awarded, names of losing bidders and, if their bid prices were lower than the winning bidder, the reason for their rejection. • Program biannual progress reports • Planned and actual disbursements by sub-component. 	<p>MEF website upgrading is completed in early 2009.</p>		<p>SSC including meetings with the WB, IAs and internal DICO staff as required.</p> <p>Working ethics are constantly being reinforced through regular meetings and in-house seminars under the guidance of DICO director and the International Project Management Advisor</p> <p>D/ICO developed Handbook for TDSP implementation, translated it in Khmer and disseminated it with IA and relevant stakeholders</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<ul style="list-style-type: none"> • Annual financial statements and audit opinion. • Other specific reports prepared by the Program. • Complaint handling and remedies mechanism. • Code of ethical conduct signed by all staff. 			
4	Element 4: Civil Society Role				
4a	Provide for greater involvement by Civil Society Organizations (CSOs) to enhance transparency.	<p>Identify appropriate CSOs (private sectors/ association representatives) to witness selected aspects of Program implementation. Invite representatives to attend selected events as observers, such as:</p> <ul style="list-style-type: none"> • bid openings • contract signings • information and skill sharing sessions • Program progress meetings • hand over ceremonies for 	<p>MoC to select CSOs and obtain MEF concurrence.</p> <p>IPA/MoC. MoC and WB to agree events to be witnessed by CSOs.</p>	<p>MEF to provide MOC with concurrence to CSO not later than one month after Effectiveness.</p> <p>Agree list of events one month after Effectiveness. Observation to begin immediately thereafter. WB to monitor CSO involvement through</p>	<p>Specific proposal is not yet done although DICO is open to inquiries by the private sector through its Website and direct consultation at the MOC</p> <p>D/ICO organized 4 advocacy courses for province officials (6 provinces invited each time) distributed relevant documents.</p> <p>Advocacy and communication campaign on SWAp, TDSP and EIF planned and budgeted for 2012 under different project</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		<p>Program facilities other events as identified and agreed by MoC and WB</p> <p>Representatives of private sectors and associations to participate in the meeting of sub-steering committee of Trade Development and Trade-Related Investment</p> <p>Summarize all major CSO involvement in Program biannual progress reports to WB and copied to MEF</p>	MoC	<p>review of quarterly progress reports and supervision missions.</p> <p>WB to verify satisfactory level of involvement of CSOs during supervision missions.</p>	
5	Element 5: Complaint Handling and Remedy Mechanism				
5a	Formal complaints handling and remedy mechanism covering all aspects of the Program.	<p>Design and adopt a mechanism able to address complaints received on all Program components and sub-components and propose remedies. Subject to WB concurrence, MoC may adopt complaints and remedies mechanism used for TFCP.</p> <p>Complaints handling procedures regarding procurement to follow process as set out in the PM.</p>	<p>MoC with WB NOL.</p> <p>IPA/MoC</p>	<p>Design and adopt mechanism by three months after Effectiveness. WB to monitor adoption during supervision missions</p> <p>WB to monitor during prior or post reviews.</p>	DICO has appointed Mr. Hao Ann as the designated complaint officer. The complaint mechanism has been incorporated into the bidding document as well as request for expression of interest.
6	Element 6: Code of Ethical Conduct				
6a	Program staff must to adhere to the Government's code of ethical	MOC to disseminate widely the relevant sections on code of ethical conduct contained in the Common Statute for	MoC with a copy to WB.	Disseminate by one month after Effectiveness. WB to verify adoption during	On-going monitoring through daily attendance register

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
	conduct for civil servants.	Civil Servants 1994.		supervision missions.	
7	Element 7: Sanctions				
7a	Need to reinforce the Code of Ethical Conduct with sanctions for fraudulent and corrupt activity by Program staff, contractors, suppliers and consultants.	<p>The sanctions defined in the Civil Service Code of 1994 will be applicable to all Program staff. Sanctions against contractors, suppliers and consultants will be those defined in Section 3 of the SOP/PM.</p> <p>WB to apply sanctions available in its general and project-specific legal agreements, including the WB Group's Anti-Corruption Guidelines (ACG) and Sanctions Regime issued in October 2006 and as may be updated subsequently.</p>	<p>MoC to disseminate sanctions with Code of Ethical Conduct.</p> <p>WB to provide MOC a copy of its ACG and Sanctions Regime.</p>	<p>Disseminate sanctions along with the Code of Ethical Conduct by three months after Effectiveness.</p> <p>During appraisal.</p> <p>WB may apply sanctions whenever evidence is found.</p>	<p>One case involving a supplier refusing to perform the contract had been informed to the WB.</p> <p>Not received yet</p>
8	Element 8: Program Specific Elements				
8a	Maintaining controls over expenditures by other agencies in year 2 onwards.	Detailed AOPs will be prepared by MoC and other agencies requesting funding under the TDSP, and will include good governance measures applicable to each tranche of funding to agencies other than MOC which are not specifically	MoC will coordinate preparation of AOPs and their joint appraisal with WB prior to adoption.	AOPs will be synchronized and coordinated with the RGC's annual budget process, with final agreement of MoC, MEF and WB annually in December.	AOP was prepared in 2011 and NOL was obtained for that. With regards to expenditure control amount more than \$200 is paid by DICO. And for any amount less than \$200 is paid by IAs from their

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring ¹	Status as at November 30, 2011
		covered in this GGF. No funds will be disbursed until each year's AOP has been approved by MoC, MEF and WB.			petty cash.

ABBREVIATIONS

ACG	Anti-Corruption Guidelines (of the WB Group)	NGO	Non Government Organization
AOP	Annual Operational Plan	NOL	No Objection Letter
CSO	Civil Society Organization	PM	Procurement Manual (for Externally Assisted Projects)
FM	Financial Management	QPPR	Quarterly Portfolio Performance Review
IAS	International Accounting Standards	RGC	Royal Government of Cambodia
IAD	Internal Audit Department (of MOC)	SOE	Statement of Expenses
IFR	Interim Financial Reports	SOP	Standard Operating Procedures (for Externally Assisted Projects)
IPA	International Procurement Agent	TDSP	Trade Development Support Program
MBPI	Merit Based Pay Initiative	TTL	Task Team Leader
MEF	Ministry of Economy and Finance	WB	World Bank
MoC	Ministry of Commerce		