



DICO Annual Retreat

OC Boutique Hotel, Sihanouk Ville

13-14 Aug 2015

DICO's mission and vision: 2016-2020
Mr. CHHIENG Pich, Director of DICO, TDSP,
and EIF

*By CHHIENG Pich,
Director, DICO
National Project Director, TDSP
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Designed by CHHIENG Pich

រចនាដោយ ឈឿង ពេជ្រ

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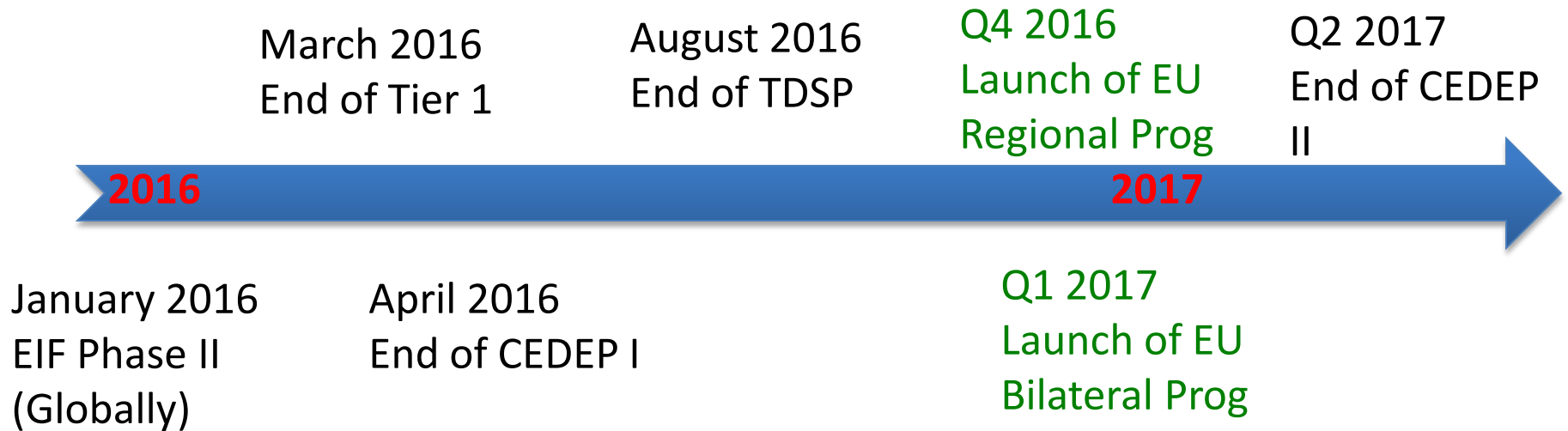


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1. Next 18-Month Plan
2. AFT 2016-2020 scenarios
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4. Towards Sustainability: Programme budget from Government & Tier 1
Phasing out



18-MONTH PLANNER



Scenarios: Ten Clusters List for Future TA

1. Trade Policy, Sector Policy, Legal and Regulatory Reform: Formulate Trade Policy in view of AEC, RCEP, TPP and erosion of preferences including RoOs; develop sector policies (e.g. cassava, fish, rubber, others); identify sector-specific NTMs; implement the Government's *2012-2015 Work Program on Legal Reform*, including key reforms identified in the Trade SWAp Road Map 2014-2018.
2. Trade Facilitation and Transport Logistics: Establish the NSW including automation of trade related documents; respond to the Bali Agreement on Trade Facilitation; develop, adopt, implement a national transportation logistics plan; improve cross-border transit agreements; improve and enforce road transport regulations; encourage modernization of road transport fleet.
3. SPS and Other Quality Systems for Trade: Complete key legal reforms in SPS; develop capacity of key agencies not only in Phnom Penh but in field offices as well especially in areas of surveillance and inspections; promote a culture of SPS including through encouraging agro exporters to adopt SPS standards required by importing markets, develop various quality systems to support export sectors (e.g. rubber, silk.)
4. Private Sector Structuring: Strengthen sector associations and private sector in rice, cassava, fisheries, rubber, and hospitality including ability of sectors to articulate positions and engage government through G-PSF or other venues; strengthen and promote branding through sector-specific collective marks, GIs, Quality Seals, other means as well as through "Made in Cambodia" branding; strengthen export promotion capacity including through capacity building in sector associations.
5. Development of Inclusive Value Chains: Build capacity of priority export sectors identified by Government in the Trade SWAp Road Map 2014, including in light manufacturing, agro-processing, rubber and tourism.
6. Trade Mainstreaming and Management of Aid for Trade: Continue to build capacity for monitoring and communicating Trade SWAp as a program instead of a collection of projects; continue to mobilize and coordinate AFT support; strengthen capacity of MoC and other line ministries to participate in SWAp; improve fiduciary management of AFT projects using different disbursement modalities. Deepen trade build trade-related training and research capacity in Government;
7. Skills for Exports: Address the lack of skilled technical personnel as a result of the absence of a robust TVET structure is a serious bottleneck in Cambodia's ability to move up value chains; address the lack of well-trained engineers (mechanical, structural, agricultural, chemical, biologist, etc.); strengthen collective bargaining environment and dispute resolution mechanisms.
8. Investment Environment, Integration in Regional Value Chains, Backward Linkages: Complete supportive legal framework including encouraging development/deepening of backward linkages in garment, bicycles, footwear, hospitality (horticulture); diversify investment in regional and global value chains beyond garment, footwear and bicycles; develop investment promotion capacity including at provincial level.
9. Rural Development for Exports including Extension Services, Cooperatives Development, Surveillance Services: Develop structured value chains between farmers and semi-agro-processors or agro-processors through farmers groups, cooperatives, contract farming arrangements, etc; strengthen quality of seeds, seedling, and other plantings;
10. Access to Finance: Address the lack of access to working capital and trade finance especially for SMEs and other small producers/exporters as it is a significant constraint to export development.



EU Funding Program (MIP)

Multi-Annual Indicative Program 2014-2020

Fund for Bilateral: EUR 410 million

- Focus sectors:
 - **Agriculture/national resources management: 144m**
 - Education/skill: 140m
 - Governance and Administration: 120m
 - Support measure: 6m
- Three expected results:
 - ✓ **Improved business enabling environment for the agriculture and NRM related sectors**, through the improvement of existing national capacities, policies and regulations which support the development of sustainable agricultural and forestry use and commercialisation, stimulate innovation and private sector investment, and ensure protection of natural resources.
 - ✓ **Strengthened value chains**, including increased productivity, processing efficiency, improved product quality and increased market competitiveness in domestic and export markets that result in increased rural incomes and employment creation.
 - ✓ **Empowered local communities to participate in the conservation and management of agriculture and natural resources including sustainable forest management (FLEGT)** through the improvement of national and sub-national capacities, regulations and law enforcement.
- Identification mission: May-Jun 2015
- Formulation mission: Q4 2015
- Programs to start by early 2017

Fund for Regional: EUR 50 million

- Focus Areas: support the ASEAN Economic Integration beyond 2015:
 - ✓ Support improvements in customs, transit, standards, services, investment, food safety, IPR.
 - ✓ Narrowing the development gaps in the public administrations of CMLVs
 - ✓ Further integration into the global economy of ASEAN Member States
 - ✓ **Euro 35 million for ASEAN Secretariat**
 - ✓ **Euro 15 million for Cambodia, Laos PDR and Myanmar**
 - ✓ Will include regional programs (ECAP IV, ARISE) and national envelopes (Cambodia)
- Identification mission: finalised in January 2015
- **Evaluation and Formulation mission: 22-26th June 2015**
- Programs to start: Q4 2016
- **Exploring new modalities for implementation, building on what has been achieved, more RGC ownership.**

- Any project must be based on Rectangular Strategy, NSDP, CTIS, IDP
- This program will approve by EU Parliament in Sep 2015

Scenario: Ten Clusters List for Future TA

1. <u>Trade Policy, Sector Policy, Legal and Regulatory Reform:</u>	1. EU	1. MOC
2. <u>Trade Facilitation and Transport Logistics:</u>	2. EU	2. WB/GDCE
3. <u>SPS and Other Quality Systems for Trade:</u>	3. EU	3. MAFF/MOC
4. <u>Private Sector Structuring:</u>	4. ADB	4. MIH
5. <u>Development of Inclusive Value Chains:</u>	5. EU	5. MOC/MAFF
6. <u>Trade Mainstreaming and Management of Aid for Trade:</u>	6. EIF / EU	6. MOC
7. <u>Skills for Exports:</u>	7. SIDA, AFD	7. MOLVT/MOC
8. <u>Investment Environment, Integration in Regional Value Chains, Backward Linkages:</u>	8. JICA, EU	8. CDC
9. <u>Rural Development for Exports including Extension Services, Cooperatives Development, Surveillance Services:</u>	9. ???	9. MAFF
10. <u>Access to Finance:</u>	10. ???	10. MEF

Three Scenarios for SWAp 2016-2020

S1: Pessimistic Scenario

- ✓ EU funds regional programme with TF component managed by WB
- ✓ CEDEP II No Cost Extension
- ✓ Government budget

Three Scenarios for SWAp 2016-2020

S2: Balanced Scenario

- ✓ EU funds regional programme all managed by DICO
- ✓ EU bilateral funds VC component shared with MoC
- ✓ Tier 1 cost sharing (Inc. Government budget)
- ✓ CEDEP III co-managed entirely by MIE and DICO
- ✓ Limited bilateral support by JICA and KOICA (self-managed)

Three Scenarios for SWAp 2016-2020

S3: Optimistic Scenario

- ✓ EU funds regional programme all managed by DICO
- ✓ EU bilateral funds VC component managed by DICO
- ✓ Tier 1 cost sharing (Inc. Government budget)
- ✓ CEDEP III managed entirely by DICO
- ✓ ADB project for PSD managed by DICO
- ✓ PSD and Skill Gap project (SIDA) managed by DICO
- ✓ Bilateral support from GIZ and UN agencies managed by DICO

Three Scenarios for SWAp 2016-2020

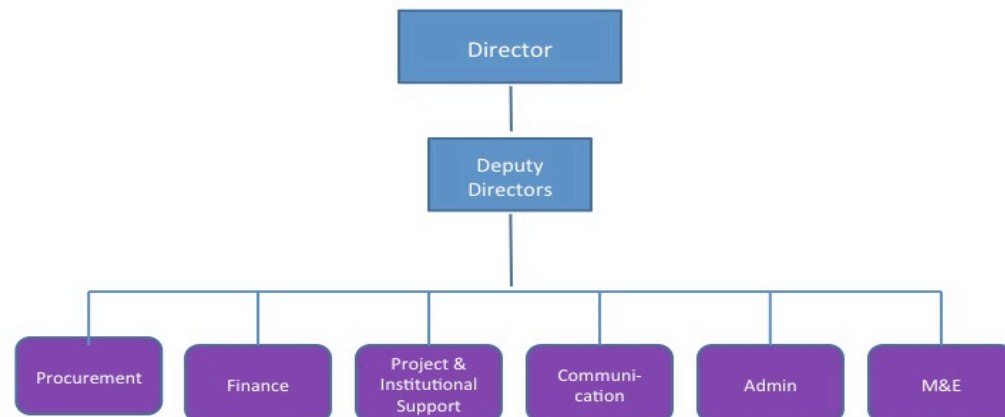
Financial projections 2016-2020

- ✓ Scenario 1: US\$5M
- ✓ Scenario 2: US\$10-12M
- ✓ Scenario 3: US\$15-20M

Consequences for DICO structure

Question:

What structure do we need, how many officials and consultants are needed for each scenario ?



Strategic Decisions

1. Consider recommendations made during retreat for TDSP and EIF sustainability and during group work
2. Make precise projections of potential support by DPs
3. Promote DICO's capacity to manage projects from fiduciary and programme angles
4. Propose Government execution modalities
5. Adjust DICO Structure and Staff job descriptions according to scenarios
6. Promote Government result-based budgeting
7. Promote cost sharing of capacity building support (Tier 1 and Government budget)