

Royal Government of Cambodia - Enhanced Integrated Framework for Trade

UNOPS (TFM) Supervision Mission 18 -22 March 2012

Key recommendations to be implemented by the NIU

TFM, in line with its fiduciary responsibilities, fielded a supervision mission during 18 to 22 March 2012 with the main objective of facilitating the NIU (DICO) and the Ministry of Commerce to implement the project in complying with the fiduciary requirements, enhance progress and address any fiduciary related issues that might exist.

Most of the recommendations of the previous mission (Sep 2011) have been achieved, though a little later than the specified time. The implementation progress too has improved though still falling behind the preferred level. There is an increased focus on fundamental tasks such as capacity building and Tier 2 formulation. A Tier 2 program, enveloping three projects, has already been proposed in a draft form and received ES and TFM comments. Some implementation issues on Tier 1 still exist. These need to be resolved to further improve progress and enable NIU to rise up to the level of handling Tier 2 projects. The mission has made some key recommendations to address these issues.

DICO's improvement is also reflected in the improvement of TDSP implementation. The World Bank has now given 'satisfactory' rating to TDSP in December 2011. This is a substantial change from being 'moderately unsatisfactory' during their MTR in 2010 and 'moderately satisfactory' in early 2011.

Overall

1. The financial progress in 2011 has been USD 192,991 which is 43.3 % of the 2011 EIF budget. This is a steep increase as compared to the 2010 progress which was 3.3 %. The cumulative progress rate up to end December 2011 is 28.62 % of the total budget. The main reasons for the slow progress in 2011 are late recruitment of EIF Manager and other EIF paid staff, delay in the supply of the equipment (computers and accessories) from Thailand partly because of floods, and delay in organizing the trainings that were planned. Above all, there is a need to strengthen the internal processes to monitor the progress against the work plan and to identify and resolve issues upfront. The Mission recommends the following to address this:
 - a. The work plan activities should be further broken down into tasks, and for each task a staff should be assigned responsible. This tool should be further used to monitor the progress and identify and resolve issues, during monthly meetings of NIU. *Recommended time line to prepare the tool: 30 April 2012*
 - b. Team spirit within the NIU should be enhanced. A team building session should be included in the retreat that has been included in the AWPB 2012. *Recommended timeline: When the details of the retreat are planned.*

2. The liaison officers have been identified in the line ministries and some orientation on EIF has been given to them. However, their knowledge about and inclusiveness in EIF still remains limited. The mission recommends the following to address this issue (*Recommended timeline: start immediately*):
 - a. Monthly meetings should be held with the liaison officers to increase their knowledge and keep them updated on EIF affairs.
 - b. They should be included in appropriate training sessions
 - c. They should be encouraged to disseminate information within their own institutions. As at now the EIF information in the line ministries is confined to the liaison officers or a few individuals.
3. TDSP and EIF Tier 1 harmonization will continue as in the past. DICO reported that it is not feasible to prepare an integrated annual work plan for TDSP and EIF Tier 1 since the formats required by ES (for EIF) and WB (for TDSP) are very different. The Mission¹ accepts this. However, both annual work plans, put in a consolidated document, should be shared with WB and ES/TFM. The progress report and mission reports etc. of both EIF and TDSP should also be shared with the other party as in the past.

Procurement and Recruitment

4. As per the MOU, the government procedures as stipulated in the Procurement Manual issued by MEF should be applied for EIF implementation. Wherever there are ambiguities or gaps in procedures, the DICO should consult the MEF and then the TFM.
5. The procurement plan has been prepared. Some updating is required. The Mission observed that there had been some procurement actions that were awaiting inputs from technical units although they were actually ready. Interaction between the technical unit and the procurement unit needs to be enhanced to resolve this waiting. Monthly meetings within DICO should be used to resolve this kind of issues.
6. The establishment of a communication unit is a good initiative. However, keeping transfer of knowledge and sustainability in view, the Mission recommends that at least one government staff should be placed in the unit to in addition to the consultant who is planned to be recruited under Tier 1 funds. *Recommended timeline: At the time of establishment of the communication unit.*
7. The Incremental Operating Committee (IOC) has improved following the compliance of the previous mission recommendations. Though the monetary values are small, these procurements handled by the IOC are critical for the smooth implementation of several activities. The Mission makes the following recommendations to address some of the specific issues that exist.

¹ The World Bank too accepts this.

- a. For the purchase of air-tickets, DICO follows the practice of inviting quotations from a minimum of three suppliers and selecting the best quote. The Mission accepts this practice as far as the government procedures guide. However, in order to increase fairness the Mission recommends that the choice of the three suppliers should be rotated among a broader group and should not be confined to the same all the time. The prices also should be cross-checked with the internet ticket prices, to the extent possible, and this should be recorded in the file (*Recommended timeline: Start from now*)
- b. The Mission understands that market checks are randomly made by DICO for other procurements as well. The Mission recommends that market checks should be made to all appropriate procurements and records filed.

Reporting

8. The NIU (DICO) has submitted a revised budget for approval. After obtaining some clarifications the ES and TM have accepted this. The MOU amendment to accommodate this revised budget is currently with the DICO for signature. The Mission recommends that this be signed soon and sent back to TFM for signature so that the revised budget becomes applicable. (*Recommended timeline: As soon as possible*).

Financial Management

9. As per the MOU, the government procedures, as stipulated in the Financial Management Manual and Standard Operating Procedures issued by MEF should be applied for EIF implementation. Any further derivatives issued or approved by MEF, for example supplementary documents which substantiate the above procedures, also should be applied. Wherever there are ambiguities or gaps in procedures, the DICO should consult the MEF and then the TFM.
10. In general financial management has been handled satisfactorily and financial records are being kept satisfactorily with all supporting documents kept properly. As a response to the request from DICO, the Mission recommends to increase the ceiling for individual payments out of Petty Cash, to US Dollar 100. The total size of Petty Cash which is USD 200 will be reviewed next time if there is a necessity. *Recommended timeline: Start now.*

Training

11. DICO discussed a training plan with the Mission and updated the plan accordingly. The Mission recommends that the plan should be further discussed with the ES mission which is expected by the middle of April. The updated plan which incorporates the outcomes of both discussions should be formally submitted for ES/TFM approval. With regard to overseas trainings where complete details are not included in the training plan, complete details should be submitted to ES and TFM approval before their implementation. *Please refer ES report below for further details.*

Tier 2

12. The draft CEDEP Proposal has received comments from TFM and ES. This should be further discussed with the forthcoming ES Mission in April. *Please refer ES report below for further details.*

EIF Executive Secretariat (ES) **Tier 2 support and Tier 1 monitoring Mission 9-13 April 2012**

The ES, in line with its programmatic responsibilities, fielded a Tier 2 support and Tier 1 monitoring mission from 9 to 13 April 2012 with the main objectives of supporting the NIU and the Ministry of Commerce to finalize the Tier 2 project document (CEDEP I), to brainstorm the development of the 2nd Tier 2 (CEDEP II) and to monitor the implementation of the Tier 1 project towards achieving its expected outcomes and objectives. The mission was conducted by the ES country coordinator, Ms. Hang Tran.

The mission undertook the following:

1. Discuss with the consultant and NIU on the revision of CEDEP I proposal in light of joint ES-TFM comments, including the way forward for some major issues;
2. Discuss with the Focal point (FP), Donor Facilitator (DF), Development Partners (DPs), NIU, the consultant and relevant stakeholders on the development of CEDEP II in the context of Cambodia and overall strategy of the EIF programme;
3. Review with the NIU, the Ministry and all relevant partners the progress made so far against the Tier 1 project and address relevant issues that might impact on the project implementation;
4. Discuss with NIU on the preparation of the Medium-term programme (MTP), DTIS update, Swap Independent Review, training & capacity building plan and other Tier 1 prioritised activities to support to the country trade development agenda and in synergy with the TDSP programme;
5. Work with the NIU on preparation of the Tier 1 Mid-term evaluation, updating the Log-frame and populating baseline data in accordance with the Monitoring and Evaluation (M&E) Framework, developing an M&E plan;
6. Brief the WB, UNDP, liaison officials from line Ministries on the EIF strategic plan, capacity building modules, Mid-term Review (MTR), and get updated on the country Trade Swap road map, National Development Plan and on-going/future Aft initiatives.

Key recommendations to the NIU and MOC

Monitoring and Evaluation

1. NIU (DICO) will contribute to the EIF M&E Framework by providing information matching the 4 outcomes and 13 indicators in early May. This information will reflect

baseline data in 2009 and the current situation. DICO will report on these indicators as part of the annual technical narrative report;

2. NIU will consider using 2012 Tier 1 funds for M&E capacity building component, therefore moving the CEDEP I component on M&E to EIF Tier 1;
3. NIU will prepare inputs to EIF Programme MTR, should Cambodia be selected as target country;
4. NIU will prepare for a Mid-term evaluation of Tier 1 project (first phase evaluation) at least 6 months before the expiration of the MOU if a second phase funding will be sought.

Tier 1 implementation and Training

5. NIU will revise Tier 1 training plan for ES &TFM review and approval. With regard to overseas trainings where details are not included in the training plan, complete details should be submitted to ES and TFM approval before their implementation.
6. NIU will update a list of donor funded technical assistance for trade policy support and trade related capacity building or similar and share it with the ES/TFM as stipulated in the EIF strategic plan.

DTIS Update

7. NIU will prepare a concept note for DTIS update that could be started in 2012, using EIFTF. A MTP will be developed based on the DTIS update action matrix and incorporated in the Trade Pillar Roadmap. A Mid-term review of Trade Swap will also be conducted to supplement the DTIS update.

Donor Facilitator

8. MOC will speed up the confirmation of DF alternate in order to facilitate UNDP involvement in substantive activities of EIF.

Tier 2

9. CEDEP I: Comments from ES-TFM were discussed with the NIU and Consultant. NIU and Consultant will finalize CEDEP I targeting a TAC1 meeting for end April and subsequently submit to ES and TFM for review.
10. CEDEP II: The NIU and consultant will take into account early comments raised by the ES on the tourism component which seeks EIF funds to support the operational cost of a culinary school.