

## **MTP for Cambodia's Trade SWAp Road Map 2014-2018:** **Ten Possible Clusters for Future TA**

The present note has been prepared in the context of the formulation of a Mid-Term Plan for AFT mobilization for Cambodia's Trade SWAp Road Map. The areas for priority support have been identified by national stakeholders through a consultative process taking stock of progress achieved so far in implementing indicative activities in the Road Map, on-going technical assistance, and the perspective of stakeholders regarding areas where additional support will be most critical in the future to complete tasks identified in the Road Map.

The priorities identified are clustered in ten broad themes that may be used by the Ministry of Commerce (MoC) to formulate programs for resource mobilization in support of outstanding indicative actions of the Road Map.

While the ten clusters will be part of the Mid-Term Plan to be formulated, a prioritization exercise is necessary for purposes of sequencing the formulation of programs and resource mobilization. The Sub-Steering Committee on Trade Development and Trade-related Investment is requested to review the proposed cluster of themes and propose a ranking to guide MoC in discussions with development partners for purposes of resource mobilization.

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. 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 and through implementation of food safety programs at food retail level as well as across hospitality sector; develop sound financial plan to support key laboratory functions at central government level; develop various quality systems to support export sectors (e.g. rubber, silk.)
3. 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; improve cultivation methods and yields; strengthen extensions services through implementation of

the Extension Policy adopted by MAFF; improve the use of chemical fertilizers and pesticides; improve surveillance of pest, diseases, use of veterinary medicine. Increase access to information for farmers, millers, processors.

4. 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.
5. 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.
6. Private Sector Structuring: Associations, Sector Branding, Export Promotion: 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.
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. 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.
9. 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.
10. 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 mainstreaming across actions, plans and policies of key line ministries; expanded dissemination of export related information at province level; build trade-related training and research capacity in Government; support mainstreaming of export priorities in the work plans of line ministries and in NSDP.