

The Cambodia Trade Development Support Program (TDSP)

Grant No. TF093573

(P109648)

Implementation Support Mission

(September 21st – October 2nd 2015)

AIDE MEMOIRE

1. A joint Donor Implementation Support Mission was held between September 21st and October 2nd 2015 in collaboration with the Ministry of Commerce (MOC), and all other relevant stakeholders for the Trade Development Support Program (TDSP). The Mission Team was led by Dr. Julian Latimer Clarke, Task Team Leader, and included technical staff from the World Bank, as well as representatives from the European Union and UNIDO. A full list of mission members is provided in Annex I.
2. This Implementation Support Mission was conducted in parallel with the European Union Results Oriented Monitoring (EU-ROM) Mission, led by Mr. Wenguo Cai. The exercise aimed at reviewing performance of the TDSP, as well as the Bank Executed Trade Related-Assistance in Cambodia (TRAC). The ROM Mission's findings are summarized in Appendix V
3. The Team would like to express its sincere gratitude to the Senior Minister of Commerce, H.E. Sun Chanthol, H.E. Tekreth Kamrang (Secretary of State, MOC), and Mr. Chhieng Pich (Director of DICO, and Project Director of TDSP) for their guidance and critical support throughout the duration of the mission. Our sincere thanks also go to the members of the many Implementing Agencies (IAs) who kindly accepted our invitation, and invested significant time in working with the task team.
4. As per the Mission Announcement Letter dated September 4th 2015, the objectives of the mission were to:
 - closely monitor disbursements towards PDOs over the final year of implementation;
 - ensure that implementing agencies are fully complying with the agreed action plan, and;
 - to decide with RGC and donors on appropriate sustainability mechanisms for future support to trade development and trade facilitation, including a possible successor program to TDSP.

In particular, the Mission Team reviewed:

- Implementation progress of each component in accordance with the TDSP Results Framework, and TDSP annual Results-Based Action Plan (RBAP);
 - The progress of the TDSP Communication Plan;
 - Activities and Work Plans that had been agreed after the previous supervision mission;
 - The revised TDSP Action Plan, including next steps to guide project implementation and disbursement up to the closing date of the program.
5. The review of the TDSP Procurement and Financial Management (FM) Performance focused on:
 - Review of the Procurement Tracking Plan;
 - Review of the Contract Management;

- Review of the effectiveness of the PRC and Evaluation Committee;
 - Approval of the TDSP updated Procurement Plan;
 - Compliance with internal controls and the SFMM (including petty cash, travel, DSA rate and training /workshop, and assets management);
 - Implementation progress of the external audit recommendations in 2014;
 - Approval of the TDSP updated budget plan.
6. During the recent mission, the Team met with Implementing Agencies (IAs), including the Ministry of Commerce (MoC), Ministry of Economy and Finance (MEF), Ministry of Agriculture Forestry and Fishery (MAFF), Arbitration Council Foundation (ACF), and National Commerce Arbitration Centre (NCAC), and Chamber Commerce of Cambodia (CCC). The detailed schedule is provided in Annex III.
7. The Program’s Development Objective (PDO) is as follows: “The Trade Development Support Program will contribute to increase the Royal Government of Cambodia’s efficiency in formulating and implementing trade policies.” That task team rates the implementation progress as Moderately Satisfactory and Satisfactory on the progress towards Program Development Objective (PDO). The overall trajectory of the project is productive and appropriate.

Overall Progress

8. **The Mission Team has noted satisfactory progress in all components of the TDSP, with several intermediate objectives that contribute to the overall PDO now achieved.** On the other hand, the rating of Procurement and FM Performance remains unchanged at Moderately Satisfactory level (see Table 1).

Table 1. Rating of Implementation and Progress towards PDO

Description	2014 Rating	2015 Rating	Remarks
Progress to achieve the PDO	Moderately Satisfactory	Satisfactory	Majority of the outcomes contributing to achievements of the PDOs have been carried out.
Implementation	Moderately Satisfactory	Moderately Satisfactory	Significant positive disbursement. Risk posed by the departure of chief of procurement; and cooperation from IAs is necessary for efficient procurement. Some of the internal control procedures for payments should be immediately strengthened (see Appendix IV).

9. **The mission also reviewed the Results-based Action Plan (RBAP, which encapsulates all outcomes, outputs, milestones activities, and budgets from now until the end of the TDSP.** As the TDSP approaches its completion, the task team took stock of the lessons learned, and made recommendations in order to prioritize those activities which are the most critical to achieving the desired investment climate and trade facilitation reforms with the remaining funds. A Tables of Agreed Actions was agreed with MoC and has been enumerated in Table 2 (below).

Table 2. Agreed Actions of Next Steps for TDSP Implementation

Table of Agreed Actions			
	Action	Responsible Entity	Proposed timeline
Component 1a. TBT and SPS			
1.	Validate Compilation of NTM	NTM Committee	November 2015
2.	Launch National Trade Repository	MEF (NTM Secretariat)	November 2015
3.	Approve Operating Procedures for NTM's Committee	NTM Committee	November 2015
4.	Commence Independent NTM Streamlining	NTM Secretariat	January 2016
5.	Validate translation of NTMs to be published in National Trade Repository	NTM Secretariat	March 2016
6.	Complete procurement process of Phyto-Sanitary Automation System	DICO	November 2015
7.	Submit the revised NTM and NTR RBAP for SSC approval	NTM Secretariat - DICO	October 2015
8.	Complete streamlining of procedure to issue Phyto-Sanitary certificates	GDA	November 2015
9.	Implement legal review/process of streamlining Phyto-Sanitary certificates	GDA	December 2015
Component 1b. Trade Facilitation			
10.	Validate findings of TFA Assessment	WB-GDTS-GDCE	December 2015
11.	Draft ToR for setting up a Trade Facilitation Committee, under the TFA	MoC/GDTS-GDCE	December 2015
12.	Complete procurement for additional servers, desktop and office equipment for Business registration	DICO	December 2015
Component 1c. Legal Reforms			
13.	Acquisition of further IT tools and equipment	DIP/DICO	November 2015
14.	Data Validation Project	WB-DIP	April 2016
15.	Recruitment of relevant professionals	ACF/DICO	November 2015
16.	Submit the revised ACF results-based action plan with the cost sharing of TDSP and SIDA for review and approval	ACF/DICO/IA/SSC	October 2015
17.	Recruitment of professionals and delivery of seminars, and activities Procurement of Equipment (including Database)	NCAC/DICO	November 2015 December 2015
Component 2. Performance Monitoring			
18.	Act to increase Fiduciary Ratings to 'Satisfactory'	DICO	August 2016
19.	Reallocation of budgets from MoUs to high priority activities	DICO	December 2015
20.	Visibility of EU, DANIDA, and UNIDO (serve as kindly reminder)	WBG-DICO/MoC-IAs	Immediate
21.	DICO and IAs should start to collect and analyze the gender-disaggregated data, e.g. training / workshop	DICO/MoC - IAs	Immediate

Component 3. Institutional and Human Capacity			
22.	Launch of Value Chain Studies (Bicycles, Sugar Palm, and Mango)	TTRI	December 2015
23.	Recruitment of the Training Firm	DICO and TTRI	October 2015
24.	Establishment of TTRI E-library and E-learning (software)	TTRI-DICO	February 2016
25.	Develop Business Plan	TTRI	December 2015
26.	Upgrade Facilities	TTRI	June 2016
27.	Produce Training Database	TTRI	December 2015
Component 4. Implementation Support to TDSP			
28.	Maintain Consultant support to DICO	DICO/MoC	August 2016
29.	Update TDSP Operations and Implementation Manual (e.g. reflect the implementation agency names) for the Bank NOL	DICO/MoC	Immediate
30.	Invite the IA project manager / representative to participate the procurement process (e.g. Invitation to Bid, Bid Opening, Bid Evaluation) for competency and / or quality compliance.	DICO/MoC - IAs	Immediate
31.	Reinforce the quality of goods delivery, the IA project manager / representative is strongly to verify with the bidding document on quantity, specification, and warranty so on.	IA Project Manager / Representative - DICO	Immediate
32.	Finalize TDSP video clip on (i) ASYCUDA, and (ii) COO	DICO	November-2015
33.	Finalize TDSP video clip on good practice of the TDSP supports to Trade SWAp	DICO	November-2015
34.	Finalize the remaining episodes (10 episode) of TDSP documentary videos on "Success stories - Good Practices for TDSP"	DICO	November-2015
35.	Finalize episode of video spot on "Improving Cambodia's Investment Climate" (co-funded by TDSP and EIF)	DICO	November-2015

10. **The task team agreed with MoC that the pace of implementation of TDSP must pick up if the program is to fully disburse by August 2016.** While DICO, which is successfully managing a complex set of activities as the Executing Agency of TDSP, has exercised remarkable ownership and commitment in implementing the TDSP, some serious delays in procurement have led to delays in the execution of some program components.

11. **Sustainability of the Program.** The mission raised some concerns on the long term sustainability of some components of the program. In particular, it was noted that DICO's staffing continues to heavily rely on consultants. A sustainable use of the consultants' time should focus on developing the capacity of government officials. The mission team kindly suggests that DICO consider taking steps to manage the program's sustainability over the remaining months of the program. Within this context, the task team recommends a fully-fledged assessment of DICO's current and future HR needs, and a sustainable approach whereby the skills and expertise of DICO's core staff are increasingly relied upon, as opposed to external consultants. An example that may be followed is the new HR strategy of the

Ministry of Economy and Finance (MEF) with regard to its recently established Non-Tariff Measures (NTM) Secretariat.

12. **The Team concluded that the TDSP continues to remain highly relevant to the RGC's trade and integration priorities.** The TDSP, and its affiliated projects being implemented through various IAs, are now in a position where valuable experiences and lessons learned can be used to identify future technical and capacity building needs as part of the Cambodian Trade Integration Strategy (CTIS 2014-2018).

PROGRESS STATUS OF TDSP BY COMPONENTS

13. Approved in 2009, the Trade Development Support Program (TDSP) is a multi-donor program financed by the EU, DANIDA and UNIDO focusing on improving the RGC's ability to formulate and implement trade policy. Built on a programmatic approach, the program has provided financing for trade policy formulation, regulatory reform, capacity building and private sector development. The program is guided by the outcomes articulated in the Roadmaps of the Trade Sector Wide Approach (Trade SWAp), which arose from the Diagnostic Trade Integration Strategies of 2007 and 2014 respectively. The TDSP has the following four components:

- **Component 1: Trade Policy Formulation and Implementation;**
- 1.1 Sub-Component 1a: Technical Barriers to Trade (TBT) and Sanitary and Phyto-Sanitary (SPS).
- 1.2 Sub-Component 1b: Trade Facilitation.
- 1.3 Sub-Component 1c: Other Legal Reforms and RGC WTO Obligations.
- **Component 2: Performance Monitoring.**
- **Component 3: Institutional and Human Capacity.**
- **Component 4: Implementation Support to the TDSP.**

COMPONENT 1: TRADE POLICY FORMULATION AND IMPLEMENTATION¹

1.A. Technical Barriers to Trade (TBT) and Sanitary & PhytoSanitary Measures (SPS)

14. TDSP intervention in SPS and TBT has been designed to enhance Cambodian product quality and safety in line with international standards and in compliance with the WTO rules. The TBT and SPS component has three ongoing sub-components, relating to i) Cooperation with MIME and the Accreditation of the Institute of Standards Cambodia (ISC) from JAS-ANZ to inspect and verify rice exports, by developing 18 standards for rice varieties, and 16 standards of various domestically produced goods; ii) the automation and streamlining of phyto-sanitary certificates and their decentralization and provision of training for provincial inspectors, and iii) intervention on fisheries value chain by upgrading the SPS capacity of processors and producers and the establishment of a competent authority. The implementation of these activities has been considerably slowed down by a number of procurement issues which are currently being addressed by DICO.

15. In the area of Technical Barriers to Trade (TBT), a Non-Tariff Measures (NTM) Review Inter-Ministerial Committee was set-up, and a publicly accessible National Trade Repository (NTR) is about to be launched. The Trade Repository, managed by MEF, will allow importers and exporters to easily access all tariffs, procedures and regulations, in one place, for the first time. Capacity transfer has also begun to the staff of the National NTM Secretariat, hosted in MEF. By

¹ The following are descriptions of ongoing projects only. Activities that have already been completed are dealt with in previous aide memoires.

the end of the program the Secretariat is expected to be able to effectively evaluate the impact of a specific NTMs, and suggest how they could be streamlined.

Sub-Component 1b: Trade Facilitation

16. The Trademark searching and filing system is now publicly available online (cambodiaip.gov.kh).
17. GDCE has introduced the latest version of the ASYCUDA World system, which is currently being expanded to 53 checkpoints.
18. TDSP contributed to progress in trade policy formulation and implementation in the area of trade facilitation (including 12 Point Action Plan). A new 12-Point Action Plan has been drafted, agreed between Ministries, but not yet endorsed by the Sub-Steering Committee on Trade.
19. The MOC has implemented the ICT Master Plan. All infrastructure is in place and the automated system for issue of Certificates of Origin (COO) is functioning. The MOC is also in the process of recruiting 3 IT officers to be engaged in the support of the ICT systems and, while this development is encouraged, such initiatives need to be framed within the context of establishing both organizational structure, capacity and financing for the long-term sustainability of the ICT investments at MOC.

Sub-Component 1c: Other Legal Reforms and RGC WTO Obligations

20. A new Prakas eliminating the minimum capital requirement was adopted. Strategic guidance was provided by the World Bank with a view to reviewing and streamlining the entire legal framework for Company Registration, which is in the process of being adopted.
21. A number of normative texts were drafted or enhanced, particularly in the area of intellectual property (IP). Parts of the IP legislative framework have been harmonized with international conventions to which Cambodia is party, as well as international best practices.
22. The Law on E-Commerce has been drafted and has been submitted to the Council of Ministers.
23. The review of Commercial Law project has resulted in the review of various laws related to commercial enterprises, and has led to additional legal work programs that derived from the WTO TPR and the ASEAN Gap Assessment.
24. The draft Commercial Leasing Law was approved by the Council of Ministers, and the draft concessions law was submitted to the National Assembly for debate. These are among a number of key laws aimed at fostering trade and transport facilitation and private sector development.
25. The monitoring of the Intellectual Property (IP) Project (formally called “Development of a stronger national system for IP generation, protection and enforcement”), is in full compliance with all components of the RBAP, apart from a minor *caveat* relating to Output 5 which provides for the enhancement of IP enforcement procedures. The task team is aware that the international consultant only recently submitted the first draft of her report, after a delay of over four months, the IP department has not yet had the opportunity to monitor the quality of her output. DICO may wish to work with the D/IPR to closely monitor the output and ensure a successful achievement of the intended result. Outputs 1 and 2 related to automation of trademarks and online search can be considered very satisfactorily achieved, as the IP administration has in fact been largely automated, trademarks may now be searched on line and trademark applications may be filed through a semi-online system (pending the adoption of the e-commerce law, which will allow for e-signatures and e-payments, and therefore will enable fully online filing procedures). Output 3 was also completely achieved, though the strategy remains to be implemented (which could be the subject of further support in the next phase of the project). Output 4 has been partially achieved (the translation and distribution of a number of IP leaflets and brochures) and surplus funds have been diverted to purchase

additional IT equipment. Output 6 on data validation will be funded and overseen by the Bank task team, in full cooperation with the Department of IP, before the end of the program.

26. Two new projects, with a focus on arbitration, were recently established. The National Commercial Arbitration Council (NCAC) and the Arbitration Council Foundation (ACF), have recently started to recruit relevant staff and perform their core activities. The mission was unable to assess any results from these projects due to their recent incorporation into the TDSP portfolio of activities.

COMPONENT 2: PERFORMANCE MONITORING

27. With performance monitoring, the Team refers to i) TDSP program performance, *and* ii) the activities of the governing structure of the TDSP, which include the Implementing Committee (IC) which reviews proposals and budgets; and the Sub-Steering Committee (SSC), which provides final approval for complete proposals.
28. Increase transparency of the RGC in providing public services through the below websites for trade information dissemination. The MoC and the General Department of Customs and Excise have improved the contents of their website posting rules and regulations pertaining to trade on their websites for public information/access:
 - (<http://www.moc.gov.kh/News/Default.aspx?MenuID=14>);
 - (<http://www.customs.gov.kh/asycuda.html>);
 - (<http://www.cambodiaip.gov.kh>);
 - (<http://www.moc.gov.kh/tradeswap>).
29. The TDSP has financed a full-time international and a full-time national Monitoring and Evaluation (M&E) consultant supporting DICO. Both consultants have provided regular feedback to the stakeholders on the implementation of activities across line Ministries and agencies. The consultants have also help DICO devise a reporting matrix that measures progress against the PDOs of the TDSP and the roadmaps of the Trade SWAp.
30. It remains unclear whether DICO will be able to carry out M&E functions by the end of the program, as the current set up relies heavily on consultants' support. It is recommended that for the remaining period of the program consultants focus on transferring capacity to DICO's staff in order to increase sustainability.

COMPONENT 3: INSTITUTIONAL AND HUMAN CAPACITY

31. Within the context of MoC's reform agenda, the Trade Training and Research Institute (TTRI), was established to further develop human and institutional capacities of MoC staff, and create tools and instruments to improve their professional performance throughout service delivery. The Implementation Support Mission noted the progress made by TTRI over the past 12 months in terms of organizational systems, services delivery and outreach. The Mission is also satisfied with the corrective measures that were proposed to respond to some unexpected changes and occurrences, such as the possible relocation of TTRI to the new MOC building, and the unsatisfactory work of the Consultant appointed to design the TTRI Business Plan. However, the Mission's team raised some concerns about the disbursement rate and the implementation of individual components of the project. A few pending issues include:
 - Output 6 - Training delivery and curriculum development
 - Output 9 - VCA papers are produced: while we are confident that the output will be satisfactorily met and the three papers on —(i) Light Manufacturing (bicycles); (ii) Palm Sugar; and (iii) Mango) will be produced in due time, we feel that the lack of internal research capacity within TTRI may hinder the long-term sustainability of the results of the project.

Apart from the above considerations, we feel that all other outputs should be met before the end of the project. We refer in particular to Outputs 1, 3 (subject to the modifications linked to the moving to the new MoC building), 4, 5 (subject to the implementation of the measures proposed by TTRI's Director during the meeting of September 23, 2015), 8 and 10. This is applicable also to Outcome 4 (establishment of TTRI e-library) and 5 (establishment of TTRI e-learning) for which we encourage DICO and TTRI to speed up the procurement process.

Finally, the task team recommends that the international advisor to the TTRI may need to negotiate the availability of his time, which may have been unevenly absorbed by DICO in lieu of the TTRI itself.

COMPONENT 4: IMPLEMENTATION SUPPORT

32. **The TDSP has developed institutional capacity to support the Trade Sector Wide Approach (or Trade SWAp).** A monitoring and evaluation (M&E) framework called the Trade SWAp Roadmap has been developed under TDSP. This Roadmap has been updated using analytical inputs from the DTIS 2014-2018. The programmatic nature of TDSP has made the SWAp a credible mechanism by allowing funds to be made available for Trade-related Technical Assistance projects. MoC's commitment to host regular meetings of the Sub-Steering Committee on Trade Development and Trade Related Investment (SSC - TD - TRI), chaired by the Senior Minister of Commerce, and hosting regular Implementing Committee (IC) meetings have aided this process considerably.
33. **A considerable amount of operation budget is absorbed by the international and national consultants supporting the NIU and IAs.** While the consultant support has ensured the smooth functioning of the operational aspects of the program, the task team strongly recommends that during the last phase of the program consultants focus specifically on transferring to DICO's staff the skills necessary to run activities after TDSP's closure.

FIDUCIARY MANAGEMENT

i. Financial Management

34. **Overall Financial Management (FM) Performance Rating.** The FM Performance of TDSP remains "Moderately Satisfactory". Although the FM seems to be working, the Mission noted some weaknesses in internal controls over financial reporting and supporting documents over payments. Many figures in signed monthly financial reports, from January to August 2015, were not tied up and the bank reconciliation for August 2015 was not reconciled with the balance of bank in the general ledger.
35. **Status of Disbursements.** As at August 31st, 2015, the cumulative expenditure, including DA balance at NBC, for the TF093573 from the Project's financial records were US\$ 11.59 million, which represents 75% of the total grant of US\$ 15.45 million. The project is about 10 months to its closing date on August 14th, 2016. It has 12 months to spend the remaining US\$4.08 million (about \$400,000 per month), to achieve the result based action plan, and account for all before the application deadline date of October 14th, 2016. The project management should ensure that the activities are planned and fully completed by the closing date, and all withdrawal applications are accounted for all activities by October 14th 2016. Details of FM narrative and FM action plan to improve FM performance of the project are included in Appendix IV.

ii. Procurement

36. **Procurement Progress:** good procurement progress has been maintained by DICO. According to the updated procurement plan submitted to the Bank on September 28th, 2015, among the pending procurement packages, only one procurement of goods package- office equipment for

business registration, GDCE and DICO with the estimated cost of USD360,000 is the largest package, while the rests are small packages to be procured following shopping method and selection of individual consultant method. The procurement of all these packages are expected to be completed by December 30th, 2015. This seems to be rather optimistic, thus DICO may wish to closely coordinate with the concerned IAs for all required technical inputs for procurement and strictly follow the scheduled dates included in the updated procurement plan.

37. **Procurement Capacity:** The most senior procurement staff of DICO will move to another department of the Ministry of Commerce. His departure will leave DICO with his two junior procurement officials, and a national procurement consultant. According to the past experience of this procurement team and the expected workload of remaining procurement packages (as included in the updated procurement plan), this Team would be able to manage the remaining procurement activities. According to the schedule of all remaining packages and remaining period of the project, the appointment of a new consultant would not help DICO much given that the selection time will be about three to four months and by the time of engagement of the new consultant, most of procurement packages would have been procured. Since the senior procurement staff will be still working for MoC, it is recommended that he still offer advice to DICO in case of need.
38. **Contract Management:** The Mission was informed that the contract of the consulting firm for development of COs has been extended, and that the final outputs are expected to be delivered by the end of October 2015. The Mission was also informed that the contract of the international business strategy consultant has been terminated because of poor performance. The replacement has already been identified within the existing team of consultants, and is expected to deliver recommendations before the end of the year.

RECOMMENDATIONS

39. The impacts of Trade Reforms that are now being put in place by the Ministry of Commerce, the General Department of Customs and Excise, and IAs will interact with broader sector and economy wide policies. In summary, the following are the recommendations and the way forward:
 - **Ensuring Continued Donor Coordination in the Trade Sector.** The TDSP was conceived with the objective of reducing transaction costs by bringing a number of donors into a single coordinated program of work. Managing a large program as TDSP and attempting to find synergies and opportunities to reduce transaction costs will continue to be a key area of focus.
 - **Building the Capacity Across TDSP.** Significant experience has been gained by the NIU of TDSP through the course of program implementation. However, key gaps remain within DICO itself, as well as IAs. Continued efforts will be needed to build capacity in core project management, finance, procurement, and monitoring and evaluation skills.
 - **Involvement of Wider Audience in the Development of Trade Strategies and Policies.** Extensive and on-going consultation with the private sector, civil society and affected groups should be a key part of the trade strategy and policy development process.

CONCLUSIONS

40. **Performance.** The Implementation Progress is rated moderately satisfactory and progress towards the Program Development Objectives (PDOs) is satisfactory.

- 41. PDOs.** The Project Team notes that satisfactory progress has taken place since the last review mission. PDOs have been achieved in several areas, but the project can capitalize on strong reform momentum, and implementation of automation processes, to consolidate results and enhance impact.
- 42. Strategic Focus.** A key outcome of this mission is the endorsement of a Results-based Action Plan (RBAP) that will be used to guide and monitor all ongoing and future activities under the TDSP. The RBAP will shift the program away from a programmatic approach, towards more rigorous project implementation, in which the activities agreed at the outset will be executed over the life of the project.
- 43. Focus on Sustainability.** The Project Team recommends that good practices will be scaled up and adequately mainstreamed in programs and activities. Particular attention should be paid to the sustainability of DICO's core activities.

Annex I: Updated Implementation Progress of 2014 Table of Agreed Actions.

2014 TABLE OF AGREED ACTIONS (Previous Aide Memoire)				
	Action	Responsible Entity	Proposed timeline	Comments
Component 1.a TBT and SPS				
1.	Submit budgets for support to CNTM and CNTR	MEF	December 2014	Complete
2.	Finalize beta-version of Trade Portal for MOC / MEF review	WB/MOC/MEF	December 2014	Finalize and awaiting for MEF for review
3.	Complete compilation of NTR	WB/MEF	February 2015	All collected regulations analyzed and loaded to the NTR portal
4.	Finalize all remaining activities under Fisheries program	FiA	March 2015	Complete
5.	Submit proposal for accreditation (product certified), rice standards	ISC	December 2014	Complete
6.	Commence bid for phyto-sanitary automation	MAFF (GDA)	November 2014	Complete
7.	Finalize new process and changes to regulations for the new phyto-sanitary process	MAFF (GDA)	March 2015	Complete and under review of MAFF
Component 1.b Trade Facilitation				
		GDCE	January 2015	
8.	Finalize agreed method of procurement for new Company registration	WB/MOC	December 2014	Complete and switched to RGC budget
9.	Submit final TOR and specifications for New Company registration to commence procure	MOC	ASAP	Complete and switched to RGC budget
10.	Commence implementation transit, warehousing and e-payment modules in ASYCUDA	GDCE/UNCTAD	December 2015	Ongoing
11.	Outreach to stakeholders in order to activate ICT modules at MoC (e.g. email domain servers; etc.)	MoC	June 2015	Infrastructure in place
Component 1.c Legal Reforms				
12.	Trademark Law comments	WB/MOC	ASAP	complete
13.	Prakas on Minimum Capital and on certification marks	WB/MOC	March 2015	complete

14.	eCommerce Law	COM	March 2015	complete
Component 2: Performance Monitoring				
15.	Agreed action plan to increase Fiduciary ratings to 'Satisfactory'	MOC	February 2015	Ongoing (See below table in para 3)
Component 3: Institutional and Human Capacity				
18.	All workshops and study tours are carried out	MOC	December 2014	Ongoing
Component 4: Implementation Support to TDSP				
19.	Agreed amount of BETF to be spend for DICO operational support	WB/MOC	December 2014	complete
20.	Agreement on support to be provided to NTM, Phyto Sanitary streamlining and database merging by WB	WB/MOC/MEF	December 2014	complete

Annex II: Mission Team Members

World Bank Group:

1. Alassane Sow (AS), Country Manager, the World Bank Cambodia;
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Annex III: Schedule

Time	Agenda items	Location	Members/Attendees	Status/Contact
Monday, September 21, 2015				
09:00	Briefing meeting between EU and EU-ROM	EU Office	EU EU-ROM	Confirmed
10:00	Meeting with H.E. Sok Sopheak on Progress Update of WTO Self-Assessment	MOC	Gerard, Julian, and Fabio	TBC
12:30	Lunch break			
15:00 to 16:00	Meeting with H.E. Phann Phalla, DG And Mr. Kong Ratha, Director, ASEAN/MEF on NTMs and NTR	MEF	WBG	Confirmed Ground Floor, Room 2, Building B (ASEAN Dep. Building). Ms. Rodel, Tel. 012299085
16:30 to 18:30	Briefing meeting with EU-ROM	WB	WBG – All EU & UNIDO EU-ROM	Confirmed
Tuesday, September 22, 2015				
09:00	Kick-off meeting Chair by LCT. Tekreth Kamrang Secretary of State, Ministry of Commerce Mr. Chhieng Pich, Director, DICO, MOC	MOC	WBG - All EU & UNIDO EU-ROM	Confirmed (LCT to chair the Kick-off)
	DICO: M&E, Procurement and Finance team MEF-WB Division IAs: Project Managers (i) TDSP-ISM Kick-off meeting (ii) WB presentation on the mission objectives and meeting schedules (iii) DICO updates TDSP impact, achievements progress to the PDO, and progress TDSP Results Framework (iv) TDSP Video Clips (v) Q&A (vi) Concluded the kick-off meeting	MOC	MEF-WB Division IAs: Project Managers / Team Members	
12:30	Lunch break			
14:30	Meeting with DICO Teams (i) Project Management Team, (ii) Project Implementation Team, (iii) M&E Team, and (iv) Communication Team on: - Review TDSP 's projects achievements / progress to the PDOs and results framework - Progress of TDSP Communication Plan - TDSP Success Stories / Impact	MOC	WBG - All EU & UNIDO EU-ROM MEF-WB Division	Confirmed (Mr. Pich leads the team)

Time	Agenda items	Location	Members/Attendees	Status/Contact
	<ul style="list-style-type: none"> - South-South Knowledge Sharing of Trade SWAp / DTIS; - Lesson learnt of TDSP supports to Trade SWAp / DTIS - DICO/MOC suggestion on next steps to leverage the implementation of TDSP's Results-Based Action Plan to achieve the expected outcomes / outputs. 			
Wednesday, September 23, 2015				
8:00	Meeting with Mr. Sim Sokheng and IP and Trade Mark Automation Project Team: <ul style="list-style-type: none"> - Progress of IP and Trade Mark Automation Project - Demo on the IP and Trade Mark Web-based searching - Review and agree outputs and milestones - Agree on the way forward 	MOC	WBG (Julian, Fabio, Giulio, Sheila, and Vannara) EU & UNIDO EU-ROM	Confirmed by Mr. Sokheng
9:00	Meeting with DICO Management and Procurement Team <ul style="list-style-type: none"> - Review Procurement Tracking Plan - Review Contract Management - Review the composition and mechanism of PRC and Evaluation Committee (to assure the competency and preventing the conflict of interests) - Agreed on the follow-up meeting schedules on procurement 	MOC	WBG (Sreng) EU & UNIDO EU-ROM	Confirmed
10:30	Meeting with DICO Management and Finance Team <ul style="list-style-type: none"> - Discuss overall financial performance and staffing - Review the updated annual budget plan and discuss the speed of disbursements of the project - Discuss on the contract register and control payments to the contractors, suppliers and consultant (prior and post review contracts) - Discuss IOC Budget Management and IOC Committee and SOE and supporting documents - Discuss internal controls and SFMM compliance (including petty cash, travel, DSA rate and training /workshop, and assets management) - Discuss implementation progress of the external audit recommendations in 2013 - Discuss and agree on the follow-up 	MOC	WBG (Sophear, and Reaksmeay) EU & UNIDO EU-ROM	Confirmed to meet on 17th, 18th, and 21st Sept. (Reschedule to accommodate DICO FM Team availability)

Time	Agenda items	Location	Members/Attendees	Status/Contact
	actions with other fiduciary issues.			
10:30	Meeting with Dr. Kun Nhem and ASYCUDA World System: <ul style="list-style-type: none"> - Updated 12-Point Plan - Expansion of ASYCUDA World System up to 52 Customs Border Offices - Update on progress of CNSW Steering Committee and Secretariat - Review and agree outputs and milestones - Agree on the next steps 	GDCE/ MEF	WBG (Julian, Fabio, Giulio, Sheila, and Vannara) EU & UNIDO EU-ROM	Confirmed (Mr. EngVeng and Sophea to meet the mission)
12:30	Lunch break			
14:30	Meeting with H.E. Penn Sovicheat and Mr. Suon Vichea and Trade Training and Research Institution Team (TTRI) <ul style="list-style-type: none"> - Briefing the progress of TTRI - Review and agree TTRI Results-Based Action Plan - Agree on the next steps 	WB-MR1	WBG (Julian, Fabio, Giulio, Sheila, and Vannara) EU & UNIDO EU-ROM	Confirmed by Vichea
16:00	Meeting with Dr. Chhuon Chamnan, Deputy Director, Fishery Administration, on Better Quality and Safety of Fish and Fishery Product for Improving Fish Trade Development <ul style="list-style-type: none"> - Progress Update - Review and agree Fishery Results-Based Action Plan - Agree on the way forward 	FiA	WBG (Julian, Fabio, Giulio, Sheila, and Vannara) EU & UNIDO EU-ROM	Confirmed
Thursday, September 24, 2015 – Public Holiday (Constitution Day)				
09:00	Meeting with Arbitration Council Foundation (ACF) <ul style="list-style-type: none"> - Review progress of the ACF Results-Based Action Plan - Agree on the next steps 	WB-MR1	WBG (Julian, Fabio, Giulio, Ian, Sheila, and Vannara) EU & UNIDO EU-ROM	TBC with Mr. Nimmit (Re-scheduled from 25 th Sep)
10:30	Meeting with Alassane, Country Manager	WB-MR2	WBG (Julian, Fabio, Giulio, Sheila, and Vannara)	TBC
11:30	<ul style="list-style-type: none"> - Meeting with EU Mission: Pekka and Philipp Dupuis has taken over from Antonio as the Head of EU Trade and Economic Affairs for Thailand, Cambodia, Laos and Myanmar. 	WB-MR1	WBG (Julian, Sheila, and Vannara)	Confirmed

Time	Agenda items	Location	Members/Attendees	Status/Contact
12:30	Lunch break			
15:00	Meeting with EIF Mission Team	WB-MR2	WBG – All EU & UNIDO EU-ROM	Confirmed by Noyelle
16:00	Meeting with National Commerce Arbitration Council (NCAC) - Review progress of the NCAC Results-Based Action Plan - Agree on the next steps	WB-MR2	WBG – All EU & UNIDO EU-ROM	TBC with Mrs. Hun
17:00	Meeting with EU-ROM	WB-MR2	WBG – All EU & UNIDO EU-ROM	TBC
Friday, September 25, 2015				
9:00	Meeting with Cambodia Chamber of Commerce - Progress of G-PSF and - Review and agree G-PSF Results- Based Action Plan - Agree on the next steps	CCC	WBG (Julian, Fabio, Giulio, Ian, Sheila, and Vannara) EU & UNIDO EU-ROM	Confirmed with Keo Nimet
	Open			
12:30	Lunch break			
14:30	Meeting with H.E. Sok Sopheak on TFA	MOC	WBG (Julian, and Sheila)	TBC
Monday, September 28, 2015				
11:00	Meeting with H.E. Phan Phalla, Mr. Kong Ratha, and NTM & NTR Secretariat on (i) Prototype Trade Portal System, (ii) Trade Repository, and (iii) NTMs	ASEAN Dep. MEF	WBG (Julian, Gerard, Ian, Fabio, Giulio, Sheila, and Vannara) EU & UNIDO EU-ROM	TBC (WB is coordinated directly with MEF)
12:30	Lunch break			
14:00	Meeting with H.E. Koy Sodany, and Mr. Om Dararih, on Streamlining and Automation of Business Registration: - Progress of Business Registration process reform - Progress of procurement of office equipment and furniture - Review and agree outputs and milestones under the TDSP RBAP Agree on the way forward	MOC	WBG (Julian, Ian, Sheila, and Vannara) EU & UNIDO EU-ROM	TBC

Time	Agenda items	Location	Members/Attendees	Status/Contact
15:00	Meeting with Mr. Dirang, and MOC IT Team on ICT Master Plan: <ul style="list-style-type: none"> - Progress of ICT Master Plan - Review of progress on COO System developed by Crimson Logic - Review progress on ePayment/Banking interface - Review and agree outputs and milestones - Agree on the way forward 	MOC	WBG (Julian, Ian, Sheila, and Vannara) EU & UNIDO EU-ROM	TBC (Sothy Voan and Dirang)
16:00	Meeting with H.E. So Khan Rithykun, Director General, Dr. Hean Vanhan, Deputy Director General, and Mr. Heng Chhunhy, General Directorate of Agriculture, on Automation of Phytosanitary Certificates: <ul style="list-style-type: none"> - Recap on revised project workplan - Review of business process reform to support automation and decentralizing SPS issue - Review and agree outputs and milestones under the TDSP RBAP - Agree on the way forward 	GDA/MAFF	WBG (Julian, Gerard, Ian, Fabio, Giulio, Sheila, and Vannara) EU & UNIDO EU-ROM	Confirmed (Dr. Hean Vanhan to meet the mission)
Tuesday, September 29, 2015				
8:00 - 12:00	Mission team conclusion – Debriefing the mission findings, benchmark, update action plan, and next step to be discussed with DICO management.	WB-MR1	WBG - All	Confirmed
12:30	Lunch break			
14:30	Debriefing the World Bank Country Manager	WB-MR1	WBG - All	TBC with CM
16:00	Mission Team Wrap-up with EU, EU-ROM, and UNIDO	WB-MR1	WBG – All EU & UNIDO EU-ROM	TBC with WB&EU
Wednesday, September 30, 2015				
9:00 To 12:00	Wrap-up Meeting with DICO and agreed on next steps to leverage the implementation of TDSP's to achieve the expected outcomes / outputs and agree on (i) summarize the mission findings, (ii) new benchmark, (iii) update action plan, and (iv) agreed on next steps	MOC	WBG - All EU & UNIDO MEF-WB Division	TBC with DICO
12:30	Lunch break			
Afternoon	Working			
Thursday, October 01, 2015				
8:00	Working			

Time	Agenda items	Location	Members/Attendees	Status/Contact
To 12:00				
12:30	Lunch break			
14:30 To 17:00	Prepare draft aide memoire and summarize the mission findings to present back to the management and Prepare a summary key findings and PPT.	WB	WBG - All EU & UNIDO	TBC by WB
Friday, October 02, 2015				
09:00 To 11:30	<p>Wrap-up meeting Chair by H.E. Sun Chanthol Senior Minister and Minister of Commerce DICO MEF Representatives / WB Division IAs: Project Managers</p> <p>Please see an attached wrap-up meeting agenda</p>	MOC	WBG - All EU & UNIDO EU-ROM MEF Representatives / WB Division IAs: Project Managers / Team Members	Confirmed

Annex IVa: Financial Management

As of August 31, 2015, the table below shows the component commitment, disbursed amount, and undisbursed balance in US Dollar based on the Conical Hat accounting software.

Component description	Component allocation	Cumulative disbursed amount	Disbursement percentage	Undisbursed /unspent balance
Component 1	8,841,442	6,067,940	86.63	2,773,502
Component 2	902,740	719,815	79.74	182,925
Component 3	1,842,233	1,316,304	71.46	525,929
Component 4	3,863,585	3,267,679	84.58	595,906
DA balance in NBC	-	216,272	-	(216,272)
TOTAL	15,450,000	11,588,010	75.00	3,861,990

Cash flow management

Some cash balances for many days for January and August 2015 were negative because the cash balance at the bank was not sufficient to make payment; while the project processed cheques, recorded in the accounting system and withheld signed cheques until funds from the Bank were received. This implies that the project sometimes faced liquidity problems. It is suggested the project to use Direct Payment method while cash in DA is not enough to make payment and/or submit application for replenishment more than once per month.

Reviewing of monthly reports and controls

Monthly reports, bank reconciliation and cash count from January to August 2015 were reviewed. It seems amounts in signed monthly financial reports for January, February, March, and August 2015 were not balanced and not adequately reconciled. The bank reconciliation for August 2015 was not correctly prepared. Dates of the cash count in the cash count sheet are generally the last day of the month which is not the actual cash count date. TDSP should look into those areas and ensure that reviews of the financial reports and controls are properly performed and cash count dates are correctly recorded on dates they actually take place and are well documented. The project shall closely watch its cash flow, especially, during a period from now until the application deadline date when it has to spend \$4.08 million within 12 months.

External auditor's contract for audit of 2015 financial statements

The external auditor's contract was only covered up to the audit of the 2014 financial statements. The contract for 2015 financial statements audit has not yet been finalized. MEF is in charge of managing the external auditor's contract under the audit bundling arrangement. Therefore, the project should have a dialogue with MEF to ensure timely engagement of the auditor.

Transactions Review

The mission performed a transaction review on a sample basis. The following were observed and suggestions for improvement are provided below:

Observations	Suggestions
<p>(i) In PCPV 2015-09/093, one invoice from a shop selling car accessories was claimed as car wash.</p> <p>In PCPV2015-02/002, supporting documents for catering (lunch and coffee break) for one workshop amounting to US\$1,329.15 It looks like they were created by staff.</p> <p>The above supporting documents are suspicious.</p>	<p>Screening and reviewing of invoices and supporting documents by the Project Accountant in charge of payments before submitting it to the Chief of Finance for certification to ensure authenticity and validity of supporting documents should be strengthened.</p>
<p>(ii) Some hand written invoices/receipts (hand-bills or self-established invoices/receipts) without a formal shop's name and address were noted. By having such invoices/receipts, the project may face difficulty to determine if such purchases were actually incurred or were created by staff.</p>	<p>Given development of super markets and shops where computerized point of sales system is installed, the project shall stop buying from shops without having proper invoices/receipts.</p>
<p>(iii) A Contract Register in one Excel file was maintained for all consultants and suppliers.</p>	<p>Although there is nothing wrong to maintain them in one Excel file, it is more convenient and user friendly to have the Contract Register split by goods, consulting firms and individual consultants.</p>
<p>(iv) Identity of persons who collect cheques were not clearly identified.</p>	<p>The project shall obtain a copy of the letter of authorization and clear identity of the person who collects payment on behalf of their firms and suppliers.</p>

Compliance with the Legal Covenant of Grant Agreement:

- **Quarterly Interim Unaudited Financial Reports (IFRs).** Timely submission of IFRs were noted. The project shall ensure this good practice.
- **External Audit Arrangement.** The 2014 audit report was submitted to the Bank in time and the auditor's opinion was unmodified.

FM Recommended Action Plan

Below are agreed FM action plan to further strengthen the financial management performance of the project.

Action	Responsibility	Due Date
1. Screening and reviewing of invoices and supporting documents by the Project Accountant in charge of payments before submitting it to the Chief of Finance for certification to ensure authenticity and validity of supporting documents should be strengthened.	DICO	From now on

2. Given development of super markets and shops where computerized point of sales system is installed, the project shall stop buying from shops without having proper invoices/receipts.	All implementing agencies	From now on
3. Contract Register split by goods, consulting firms and individual consultants.	DICO	From now on
4. The project shall obtain a copy of the letter of authorization and clear identity of the person who collects payment on behalf of their firms and suppliers.	DICO	From now on
5. Ensure that monthly financial reports and bank reconciliation are correctly prepared and monthly cash count dates are correctly recorded on dates of the actual cash count.	DICO	From now on
6. Coordinate with MEF to have the auditor's contract for 2015 financial statements audit	DICO	15 December 2015
7. Join a briefing workshop on the Project specific FM tasks prior to the closing date. This will be organized by the WB FM team at the Bank's office and will be attended by staff from the Finance Unit of DICO/TDSP.	WB and DICO	30 Oct. 2015
8. File withholding tax on consultants' fees to the General Department of Taxation (GDT). This action shall be completed by November 2, 2015. The project can seek experience from PFM project on how to file the withholding tax.	DICO	2 Nov. 2015

Annex IVb: Stock-taking of Previous FM Implementation Progress

No.	External Audit Findings and required FM activities/ actions	Responsible Entity	Status	Implementation Progress
1	Advances were not cleared within 10 workings the time frame as stated in the SFMM	DICO/FM Team	Still some of the advances are cleared after more than 10 days	Implemented The Supplementary Financial Management Manual now allows advances within 20 working days of the No Objection from the World Bank in early 2015.
2	Certain fixed assets were not coded Certain items were missing	DICO/FM Team	DICO has appointed a task Team to physically verify the assets and re-code all the assets	Partially Implemented DICO cannot access to the physical sighting of the fixed assets held by ICT project office
3	No prevention functions of unauthorized access in the current accounting system, Conical Hat. All the accounting staffs have the access right to system	DICO/FM Team	DICO has contacted the software provided to establish access passwords and expected to be implemented before November 2014	Implemented Only authorized staff can access to system
4	Some payment vouchers ("PV") and supporting documents were not stamped "PAID"	DICO/FM Team		Completed
5	Early payment discounts offered by the suppliers were not considered in some occasions.	DICO/FM Team	Whenever possible and practical DICO considers and make early payments.	Completed
6	No surprise cash count was	DICO/FM Team	Cash count is conducted	Completed

No.	External Audit Findings and required FM activities/ actions	Responsible Entity	Status	Implementation Progress
	conducted		monthly and surprise cash count will be conducted quarterly	
7	Disclose audit report, Quarterly IFR reports, procurement plan, GGF and project information on MOC website	DICO/FM Team	External auditor's recommendation in 2013 and GGF	Completed
8	Project will revise current financial manual to reflect the updated government SOP/FMM/PM	DICO/FM Team	Review mission October 2014	Completed
9	Project files withholding tax to the General Department of Taxation (GDT) for the consulting fees	DICO/FM Team	The management will implement and need further guidance from the WB and MEF	Ongoing DICO planned to complete filing taxation by November 2015
10	Organize Financial Clinic for finance staff of DICO/Finance Unit in responding to the internal control matters and the auditor's recommendation	WB and DICO/FM Team	Mission in October 2014	Completed

Annex V: EU ROM Mission Findings

See Presentation Attached