

**TRADE DEVELOPMENT SUPPORT PROGRAMME (TDSP)
IMPLEMENTATION COMMITTEE MEETING**

REVIEW OF SELECTION OF STRATEGIC PROPOSALS

GDCE CAPACITIES ENHANCEMENT PROGRAMME (CEP)

Objective:

The objective is to accompany the modernization of GDCE with a view to promote internationally acceptable practices for processing of international trade flows by GDCE so as to further integrate Cambodia into the world trading community, improve the investment climate and secure the benefits from foreign and domestic investments in the economy. GDCE has been receiving massive assistance aiming at improving the infrastructure, in particular through Risk Management or ASYCUDA projects (funded under TFCP). But further investment is needed in the "software" side through increased capacity developments. The project could use a holistic approach to the development of GDCE as an institution.

Recently, the GDCE has approached the Multi Donor TDSP to support a number of key initiatives focusing on (1) the legal framework, (2) the management and decision-making capacities in GDCE and (3) awareness raising in SEZ and provinces. While single proposals face the risks of missing potential synergies with other proposals or other technical assistance, a combined proposal, coordinated at the Department level, could have the benefit of covering a wider spectrum of issues while at the same time trigger economies of scale.

This proposal, known as the GDCE Capacity Enhancement Program (CEP) incorporates eleven individual proposals¹ and is designed to complement investments being made under the Trade Facilitation and Competitiveness Project as well as various technical assistance activities provided by the IMF, JICA and a number of other organizations. The strategic proposal is expected to enhance the capacity of the GDCE to adopt practices in line with international standards and modern good practice. It is expected to make a meaningful contribution to increasing the efficiency, effectiveness and transparency of GDCE operations. Importantly, the program will make a major contribution to enhanced trade facilitation outcomes while enhancing GDCE's capacity to meet RGC objectives.

Approach:

In spite of the progress already made, the GDCE still faces a number of important challenges and requires additional assistance and resources to ensure current reform and modernization progress and momentum are maintained. Some of these are being addressed through the Bank's TFCP and via other donor inputs but gaps remain in several important areas that are likely to negatively impact on long term improvement prospects unless adequately addressed.

¹ Two proposals yet to be implemented were approved in the first round of the TDSP. For ease of administration and monitoring these are now incorporated into the CEP proposal.

The CEP will therefore support a comprehensive review of the existing approach with a view to identifying a series of options and recommendations for strengthening the GDCE's capacity to effectively manage the importation of petroleum products, including, if appropriate the preparation of a sound business case for investments in appropriate testing equipment and facilities.

Based on the above, the GDCE has agreed to consolidate and rationalize the content of the eleven proposals previously submitted into one larger and more closely aligned and integrated proposal. The proposal now has 7 separate but closely related and interdependent components. These are described as follows:

- Component 1. Preparation for the Development and Implementation of a National Intelligence System
- Component 2. Preparation of a Strategic Plan and Business Case for Customs Marine Enforcement
- Component 3. Outreach and Training for Free Zone Operators, Investors and Customs Officials
- Component 4. Improving the Compilation of Trade Statistics
- Component 5. Training and Staff Development
- Component 6. Implementation Support for WTO Valuation Agreement
- Component 7. Preparation of a Business Plan for the Inspection of Petroleum Products

While this concept note lays out the rationale and broad content of the agreed components of a GDCE strategic proposal and can serve as a reference for Implementation Committee consideration and in-principle approval, the detailed inputs, activities, work program and cost estimates for the components outlined above will still need to be finalized before implementation can commence.

Budget:

FY11: US\$500'000
 FY12: US\$6²00'000

Timetable:

Project design: February 2011
 Project submission: March 2011
 Project kick-off: April 2011

Team and reviewers:

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² This budget does not include the budget for 2 GDCE proposals already approved by the IC and implemented by GDCE