

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

**REVIEW OF SELECTION OF STRATEGIC PROPOSALS**

**VALUE CHAIN INFORMATION UNIT**

**Objective:**

A major challenge of Cambodia's future economic development is to diversify and upgrade its export base beyond the current breadwinners garment and tourism. In recent years much research has been undertaken to identify the main constraints of Cambodia's competitiveness and possible ways to resolve them. However, the analysis is typically donor-driven and often undertaken with no or very limited involvement of government institutions. This is partly due to the fact that in Cambodia there is no systematic trade-related research by government institutions, because they lack the experience and skills required to undertake trade research and utilize the findings of such research. As a result, turning analysis into action, that is translating the findings and recommendations from existing research into concrete government policy, must be considered unsatisfactory, in particular because there is a lack of ownership by government institutions, both concerning the findings and the recommendations.

In the course of time Ministry of Commerce became increasingly aware of this unsatisfactory situation and with a major organizational reform the Trade Promotion Department (TPD) was created to address these constraints. The duties of TPD include activities such as:

- Study and research on emerging new products or services;
- Conduct strategic planning, research and analysis to formulate export policies;
- Map domestic and foreign trade strategy.

In September 2009 a Value Chain Information Unit (VCIU) was created. The main expected long term result is to create sustainable human as well as institutional capacity within TPD to manage a fully operational Value Chain Information Unit that is capable to provide up-to-date information on the 19 priority sectors identified in Cambodia's Diagnostic Trade Integration Study (DTIS, 2007). The Value Chain Unit consists of staff from different offices within TPD.

The Senior Minister decided in February 2010 to set up an additional team –the MoC Research Team from other parts of the Ministry-- to be trained to undertake sector profiles. The intention was to support the work of the Value Chain team which, given its current size, cannot undertake sector profiles for all 19 priority sectors. Furthermore, it was intended to set the value chain research on a broader basis in Ministry of Commerce by involving also competent staff from other departments into this important task. Since 15 February 2010, the international expert of the Value Chain Unit has thus been training both groups, in view to enable the members to undertake sector profiles. However, both teams are still too inexperienced as to work autonomously and are thus

not yet able to effectively undertake research without continued support from an international expert beyond September 2010. Furthermore, it is important to integrate both units into one research body.

It is the objective of the proposed capacity building initiative that the members of the Value Chain Unit will be able to conduct their duties independently. This means that at the end of the proposed capacity building the Value Chain Unit is enabled to provide the Ministry of Commerce with the trade expertise and trade strategies required to design export policies and promotion measures effectively and thereby promoting Cambodia's further integration into the international trading system. It is also intended to render more visible the Value Chain Unit in particular and trade policy research at the Ministry of Commerce in general. For this, we aim to coordinate relevant training/research activities with trade promotion initiatives that are already in place, and for some activities we can ask interested parties to join the activities.

### Approach:

The Value Chain Unit has three main outcomes each of which will be address in the proposal

1. Capacity-building on how to conduct market and value chain analysis;
2. Research and analysis on the 19 priority sectors; and
3. Dissemination of trade information.

Activity 1: Capacity built through formal training to undertake market analysis and value chain analysis. This is a continuation of activities that started in 2009. The program will need to be customized depending on the audience: Newcomers to the Value Chain Unit and those who want to refresh their knowledge on specific topics will get dedicated sessions. For some new activities, we propose specific training for Provincial Departments of Commerce (PDOCs) that may have been insufficiently integrated into MoC headquarters. We aim for a two-way flow of information: we train them to undertake surveys, they undertake surveys and provide the Value Chain Unit with relevant information, we analyse the results and give back main findings and market information.

Activity 2: Research and analysis on the 19 priority sectors, including field trips. While training (Activity 1) can be seen as an end in itself, it is also a means to another end: Research (Activity 2) which will ultimately become the core activity of the Value Chain Unit. This is also where participants put into practice the concepts, tools and techniques learnt in Activity 1.

Activity 3: Presentation and dissemination of trade research results. This activity basically presents and disseminates the findings from Activity 2 on research on sectors, markets, and Cambodia's general trade competitiveness.

#### Budget:

FY11: US\$250.000  
FY12: US\$250.000

#### Timetable:

Project design: November 10  
Project submission: December 10  
Project kick-off: March 11

#### Team and reviewers:

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