



International  
Trade  
Centre



## **CAMBODIAN EXPORT DIVERSIFICATION AND EXPANSION PROGRAM (CEDEP I): HIGH VALUE SILK COMPONENT**

**Draft Progress Report  
(August 2014 - January 2015)**

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## List of key abbreviations

CEDEP	Cambodia Export Diversification and Expansion Program
CTIS	Cambodia Trade Integration Study
DICO	Department of International Cooperation
DTIS	Diagnostic Trade Integration Study
EIF	Enhanced Integrated Framework
HS	Harmonised (Commodity Description and Coding) System
ITC	International Trade Centre
KPI	Key Performance Indicator
MDG	Millennium Development Goals
MIE	Main Implementing Entity
MIME	Ministry of Industry, Mine and Energy
MoC	Ministry of Commerce
MoWA	Ministry of Women Affairs
MTE	Mid-term Evaluation
M&E	Monitoring & Evaluation
NIU	National Implementation Unit
NSB	National Silk Board
PCU	Project Coordination Unit
RGC	Royal Government of Cambodia
SCSC	Silk Component Steering Committee
SIPPO	Swiss Import Promotion Programme
Trade SWAp	Trade Sector-Wide Approach
TFM	Trust Fund Manager
ToR	Terms of Reference
UNOPS	United Nations Office for Project Services

## 1. Introduction and Executive summary

The Royal Government of Cambodia (RGC) has established a Trade Sector-Wide Approach (Trade SWAp) under the leadership of the Ministry of Commerce (MoC), to better manage and coordinate the use and implementation of its Aid for Trade. Trade SWAp has three main strategic “Pillars.” Pillar 2 focuses on strengthening the export supply capacity of 19 potential sectors.

Within this framework, the *Cambodia Export Diversification and Expansion Program* (CEDEP I), which is funded by the Enhanced Integrated Framework (EIF) Trust Fund, aims at strengthening and diversifying export supply capacity in selected Pillar 2 sectors: High Value Silk and Milled Rice. The program also includes an Evaluation Component intended, in part, to strengthen the capacity of the Department of International Cooperation (DICO), within the MoC, to monitor and evaluate substantive progress of Cambodia’s Trade SWAp. CEDEP I was approved by the EIF Board on 6 August 2012.

The *High Value Silk Component Project* is implemented by the International Trade Centre (ITC) in collaboration with DICO in its capacity as Cambodia’s Trade SWAp Secretariat and EIF National Implementation Unit (NIU) under the MoC.

The Implementation Letter between ITC, as the Main Implementing Entity (MIE) for the High Value Silk Component, and UNOPS, as Trust Fund Manager (TFM), was signed on 25 September 2012.

The implementation of the High Value Silk Component Project therefore started in October 2012 with a **3-months preparatory phase** which put in place the project implementation structure to ensure successful project operation. Substantial implementation under Outcomes 1, 2 and 3 was also launched including stakeholders’ mapping and needs analysis, as well as capacity building of Cambodian silk exporters in product development, marketing and participation in trade fairs. See *Progress Report for the Preparatory Phase (October-December 2012)*.

**During the period January-May 2013**, key activities initiated during the preparatory phase of the project were completed. This included the identification of direct project beneficiaries, the gathering and analysis of baseline data, the identification of capacity building needs and of key importing markets for high value silk exports, the production of project communication strategy and tools. In parallel, training and advisory support were provided to Cambodian silk companies and participation in important international and regional trade fairs organized, in line with the project workplan which was endorsed by the Steering Committee during its first meeting. See *Progress Report for the Period January-May 2013*.

**From June 2013 to January 2014**, capacity building activities were defined jointly with and endorsed by project beneficiary companies, based on individual company visits as well as preparatory work and research (baseline data collection, strengths and needs of the companies, definition of the project capacity building framework, analysis and selection of import markets, lessons learned from previous silk projects). Training and continuous coaching was provided to companies and customized according to assessed needs. Companies have also developed direct linkages with buyers in pre-selected target markets and started increasing their export sales. Regular feedback has been collected from beneficiaries in the form of evaluation forms to be able to progressively adapt and adjust project activities. See *Progress Report for the Period June 2013-January 2014*.

**From February to June 2014**, companies started reporting new sales and improvement in their product design, marketing tools and processes, communication with buyers, and showroom shops attracting more visitors and tourists.

**The Steering Committee of the Silk Component (SCSC) met four times** under the chairmanship of the Ministry of Commerce. The first meeting, held on 13 December 2012, endorsed the Terms of Reference of the SCSC as well as the 2013 project work plan. The second meeting, on 19 June 2013, acknowledged the good results already achieved by the project with most activities which started as per or ahead of the work plan schedule, as well as beneficiary companies' satisfaction about project relevance and support. The third meeting, on 13 February 2014, endorsed the project progress and proposed work plan for project year 2.

The second, third and fourth meetings benefited from reporting from direct project beneficiaries as well as a display of the various reports and documents resulting from project implementation (examples of companies' brand books, import market analyses, capacity building materials, etc.), photos of project activities (such as training workshops, study tours and Cambodian High Value Silk booths during trade fairs), and new product collections designed with project support.

The fourth meeting held on 27 August 2014 endorsed the project progress. The Committee also acknowledged that there would not be enough time to implement outcome 3 of the project within the project current timeframe due to the delays in creating in the National Silk Board, and suggested that a request for project extension could be requested to the EIF Board.

During **the current reporting period**, Cambodian silk producers found new buyers, reported increased profits and job creation as a result of new sales resulting from project support (see Chapter 2 of this report). DICO/NIU managed the CEDEP I Mid-term Evaluation (MTE) which was conducted by external evaluators. The MTE report evaluated the relevance, efficiency and effectiveness of CEDEP I and of the High Value Silk project as satisfactory and made recommendations for strengthening the project impact (see Annex III of this report).

The project has also already been planning for and exploring ways to provide continued support to companies, weavers and the sector beyond the project end. This includes for instance: i) support to Cambodian companies and weavers to develop their skills and access to the niche ethical fashion market, as part of ITC global Ethical Fashion Programme; ii) support to Cambodian women silk exporters, designers and weavers to develop their products and sales internationally as part of the ITC global Women and Trade Programme; iii) ITC also established a partnership agreement with the Cambodia Women Entrepreneurs Association (CWEA), to encourage and support the growth of women-owned silk businesses in Cambodia, to potentially get further support, ensure results are sustainable and some type of support can last for the benefit of women entrepreneurs, especially after the project end.

Project results according to the logical framework and key performance indicators, along Trade SWAp indicators, are reported in *Annex I* of the report. Minutes of the fourth SCSC are included in *Annex II* of the report. ITC's update on the implementation of the MTE recommendations is reported in *Annex III* of the report.

## 2. Project impact stories

### 1. Cambodian silk producers find new buyers, increase profits and create jobs

Cambodian silk producers who benefitted from an ITC-managed High Value Silk Project have seen their profits rise by between 20% and 30%.

Beyond the increased profits, improved market perceptions of the quality of Cambodian silk have led to new opportunities for the producers, according to an independent evaluation of the project, conducted for the Enhanced Integrated Framework, a multi-donor programme which helps the world's poorest countries integrate into the world trading system.

'We particularly benefitted from attendance at trade fairs, where I met important buyers and fashion designers who were very impressed by our products,' said Seng Takakneary, owner of SentoSaSilk, who identified USD 66,000 worth of new deals – the equivalent of three months' business -- during the two-day Artisans Resources trade fair in New York last August. 'We also increased the sales at our shop in Phnom Penh by 10%- 20%, and identified new 8 weavers groups in villages to work with, thanks to the project'.

The goal of the project is to alleviate poverty among rural weaving communities by improving technical skills, enabling weavers and exporters to develop new products and designs that meet buyer requirements. It also aims to help them establish new marketing channels.

The direct beneficiaries, 14 women-owned businesses working with weavers in rural areas, have developed export plans, improved their marketing materials, upgraded their showrooms and shops, developed new relationship with international buyers and prepared new product collections as part of the project, said Sylvie Bétemps, ITC's project manager. Following training and product upgrading, they attended various trade fairs, signing new contracts and making new contacts for subsequent follow-up, she said. 'The new contracts the group secured represent an important boost to their business,' she added. 'And the new relationships built are even more key'.

Sales at VillageWorks, a women-owned handicraft company that is a member of the World Fair Trade Organization, have increased by 40%, and the number of buyers is up by 85% in the eighteen-month period since their participation in the project, said Anak Norm, General Manager. 'Learning how to develop an export plan is making our business more professional,' she said. 'Through monitoring our export plans, we were able to compare our progress and assess if we are meeting our target.'

VillageWorks has created 20 new jobs thanks to orders from new European buyers. 'We have set-up a new sewing workshop, where we provide employment to young handicapped people, mostly victims of polio,' Norm explained. 'We could employ them thanks to the orders we got through the ITC project.'

At Kravan House across town, Director Thanan Hok hired ten new seamstresses with disabilities. 'The orders we got by participating in Ambiente trade fair in Germany encouraged us to make the investment which is a big step for us,' she said.

The Government of Cambodia identified the silk industry as a strategic sector for poverty reduction. Silk weaving can directly contribute to job creation, particularly in rural communities. Farmers and producers living in rural areas make up 85% of the Cambodian population. In the silk-weaving industry, women make up the vast majority of the 20,000-strong workforce.

In order to be competitive in international markets, the companies needed to adapt their designs to the tastes of their buyers, Bétemps said. The project supported them in the development of new product lines: silk scarves, fashion accessories, lifestyle and home decoration products, in line with target market requirements and fashion trends.

Lotus silk, based in Phnom Penh, received assistance particularly in the area of preparing marketing materials, interacting with customers and establishing their brand, said owner Vannary San. Even more importantly, she received coaching on running a business, 'We were given more focused one-on-one mentorship about our export plans,' she said. 'We were asked to review and recall our historical performance, and from there, derived our projections.'

Afecip Fair Fashion (AFF), a social enterprise that provides employment to women rescued from trafficking, has a marketing strategy for the first time. 'We always relied on buyers coming to us. When things get tougher, the buyers on whom we rely may disappear and then we have no buyer to turn to,' said Director Rotha Tep. The company developed five new collections, met seven new contacts and is looking to close a USD 4,000 deal following its participation at the Maison des Objets trade fair in Paris, its first-ever attendance at an international exhibition.

The real results of the project lie in the trickle-down effects of the increased profits, Bétemps explained. 'The additional income is typically invested in the development of small social businesses, training and education, with strong positive effects on both social and economic development'.

*Source: ITC Impact stories December 2014, published on ITC website at: <http://www.intracen.org/news/ITC-Impact-Cambodia/>; and [http://www.intracen.org/uploadedFiles/intracen.org/Content/About\\_ITC/Corporate\\_Documents/Impact-Stories-web.pdf](http://www.intracen.org/uploadedFiles/intracen.org/Content/About_ITC/Corporate_Documents/Impact-Stories-web.pdf)*

## **2. Takeo Province silk weavers benefit from silk trade sector assistance**

The silk weavers of Kanchang Village, like those of many other villages, are slowly losing their traditional silk weaving skills. From infrequency or non-use of these skills, the silk weavers are slowly losing their traditional skills in developing and using design templates as well as in producing natural dyes. This problem could have been solved through training, but there are no training centers in the province. As a result, these silk weavers have been unable to improve their skills and have missed the opportunity to link up with silk traders and exporters.

In the past, silk weaving skills have only been passed from generation to generation through young women. There is a need to provide substantial support in silk production, including proper selection of template designs and techniques of choosing raw materials, as well as market facilitation. Without appropriate training in silk weaving skills, the womenfolk in the villages where traditional silk weaving has been an important part of the socio-economic life of the villages might be lost.

The following two stories are representatives of many stories about silk weavers whose living standards had improved due to more income from silk production.

Mr. Chhan Buntheoun, 44, lives with his wife, Mrs. Uo Leangky, and their three children, in Kanchang Village. His three main businesses are: rice farming, animal husbandry, and silk production. When he went into silk production after he got married, he and his family could

earn only 150,000 Riels per month from a single loom. It was tough to support a family with such income, Mr. Buntheoun recalled. Then the ITC project came along in 2012 and he became more successful in his silk production. He is now the main supplier of Sentosa Silk Company in Phnom Penh. After a mental review of his experience with the ITC project, he recalled with great pride: “Now, I am able to improve my silk products in terms of quality under the ITC project. I am happy with the market information and the new technical design, especially the skill of spinning, reeling, warping, dyeing, and weaving. Through the help of ITC and its experts, I expect to be able to extend my sales to different markets, especially new orders made by the Sentosa Silk Company. I have also extended my sales to Siem Reap. This means I shall be able to increase my income from USD300 to USD500 per months.”

Mr. Buntheoun would like the project to provide further support in finding additional markets for silk products not only for himself but for other silk producers.

Another story is that of Mrs. Ammon Sokhoeun, 36, married, and with three children. She is the main supplier to Kravan House Company in Phnom Penh. She lives in Kruos village. Mrs. Sokhoeun learned silk weaving from her parents and used to produce scarf, Krama, and other products. She had some difficulty catching up with the silk production process before she was involved in the project. Now, she is able to develop new designs, employ different techniques with support from the project. She has also developed skills in producing dyes from natural sources like bark and fruit using the technique provided by ITC.

“I am happy with silk business because I receive substantial income from the sales, have observed most guests prefer silk made from natural sources, and now I can expand sales to Siem Reap and I would be able to increase my income,” Mrs. Sokhoeun proudly predicts. But she would like the project to make sure that silk products are introduced to new customers, as well as opportunities for her silk products to be displayed in national and international exhibitions.

Source: MoC/DICO, December 2014; <http://www.moc.gov.kh/TradeSwap/Index.aspx>

### 3. Review of progress and performance: activities and achievements during the reporting period based on logical framework

Activities completed during the reporting period (August 2014-January 2015) are described in the table below according to the project workplan which was endorsed by the Steering Committee. The last column provides comments including reporting on variances between activities planned and performed.

Along result-based reporting principles, activities completed are described according to results achieved and to the project logical framework. Progress update according to performance indicators is attached in *Annex I*.

Planned Activities	Achievements	Comments
<b>Coordination and Management</b>		
Preparation of the annual project workplan <i>Regular activity throughout project lifespan</i>	<ul style="list-style-type: none"> <li>Project workplan 2015 is fully based on the workplan endorsed by the Steering Committee during its third meeting in February 2014. It was adjusted based on progress made and results achieved in the period August 2014 to January 2015. The implementation schedule for outcome 3 was revised in order to align with the delays in setting-up the National Silk Board.</li> </ul>	Project workplan will be re-adjusted, as need be, once and if CEDEP I is extended as recommended in the MTE report.
Meetings of the High Value Silk Component Steering Committee (SCSC) <i>Regular activity throughout project lifespan</i>	<ul style="list-style-type: none"> <li>Fourth Meeting of the SCSC held on 27 August 2014. The Meeting gathered 32 participants from the MoC, DICO of the MoC, Directorate General of Trade Promotion Department of the MoC, Directorate General of Domestic Trade of the MoC, Ministry of Agriculture, Forestry and Fisheries, Ministry of Industry and Handicraft, Ministry of Labour and Vocational Training, Ministry of Culture and Fine Art, Ministry of Tourism (MoT), 5 members of the High Value Silk Project core team from 4 line ministries (MoC, MAFF, MoWA, MRD), ITC as the Main Implementing Entity (MIE) for the project through its Geneva Headquarters and Project Coordination Unit in Cambodia (PCU), representatives from the private sector including project beneficiaries.</li> </ul> <p>The Committee endorsed the project progress. It acknowledged that there would not be enough time to implement the outcome 3 of the project within the project current timeframe due to the delays in creating in the National Silk Board. It suggested that a request</p>	

	<p>for project extension could be requested to the EIF Board within 6 months prior to the completion date of the current project (i.e. as of 25 March 2015).</p> <p><i>Minutes of the Fourth SCSC Meeting attached in Annex II.</i></p>	
<p>Staffing and establishment of the Silk Component Core Team</p> <p><i>Regular activity throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• Core teams for both components of CEDEP I – the Silk and Milled Rice Components – set-up by DICO.</li> <li>• Representatives from DICO M&amp;E team and core team members received information about the project calendar of events for end 2014 and planned activities for 2015. The core team participated in project activities e.g. dissemination workshop in December 2014.</li> </ul>	
<p>Project communication</p> <p><i>Regular activity throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• Project impact stories produced (see Chapter 2 of this report).</li> <li>• Increasing number of hits to the project website reaching 47,748 visitors in February 2015 compared to 35,210 in July 2014 and 26,000 visitors in January 2014; and 134 “likes” on the project Facebook page in February 2015 compared to 95 in July 2014 and 65 in January 2014.</li> <li>• Project website (<a href="http://www.cambodiansilksector.org">www.cambodiansilksector.org</a>) and Facebook page (<a href="https://www.facebook.com/pages/CEDEP-I-Cambodian-High-Value-Silk/141914845991104">https://www.facebook.com/pages/CEDEP-I-Cambodian-High-Value-Silk/141914845991104</a>) regularly updated.</li> <li>• Project drop box system with all project-related documents, studies and activity reports, training materials and templates, created and access provided to companies in the silk sector, DICO, core team and project partners (EIF).</li> </ul>	
<p>Regular substantive progress and financial reports</p> <p><i>Regular activity throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• Substantive progress report covering the period August 2014-January 2015 finalised. This adds to the four previous bi-annual reports for the project’s preparatory phase (October-December 2012), second SCSC meeting (January-May 2013), third SCSC meeting (June 2013-January 2014) and fourth SCSC meeting (February-July 2014).</li> <li>• Three quarterly financial reports (April-June 2014; July-September 2014; October-December 2014) and one annual financial report (1 October 2013-30 September 2014) produced and sent to UNOPS during the current reporting period.</li> <li>• Third tranche of funds received from UNOPS based on the annual cash flow estimation for project year 3 (1 October 2014-30 September 2015) established according to the project workplan.</li> <li>• The project team provided progress and financial reports, project documents and materials to the DICO M&amp;E team to facilitate project monitoring, production of DICO newsletters on CEDEP,</li> </ul>	

	<p>and Trade SWAp reporting.</p> <ul style="list-style-type: none"> <li>• The project team provided support and contributions to the MTE team, reviewed and provided comments on the MTE report.</li> <li>• The project team participated and contributed to MoC's meetings on Trade SWAp and CEDEP.</li> </ul>	
<p><b>Outcome 1: Increased export sales of handmade high value silk products by Cambodian silk exporters</b></p>		
<p><b>Output 1.1 Export potential and key export markets for high value handmade silk products identified</b></p>		
<p>1.1.1 Develop an assessment methodology to measure performance of the sector (e.g. company surveys disaggregated by men and women, statistical analysis) including current export volumes</p> <p><i>Activity completed in Q1-2013 ahead of workplan schedule</i></p>	<p>Assessment methodology developed in Q3-2013. See <i>progress report for the period January-May 2013</i></p>	
<p>1.1.2 Streamline Harmonized System (HS) reporting for silk export transactions (in cooperation with the General Department of Customs and Excise)</p> <p><i>Activity completed in Q4-2013 as per workplan schedule</i></p>	<p>Recommendations for streamlining the HS reporting of Cambodian high value silk exports formulated, disseminated to Cambodian silk companies, and ready for follow-up and implementation under the leadership of the National Silk Board, once created, in cooperation with the General Department of Customs and Excise. See <i>progress report for the period June 2013-January 2014</i></p>	
<p>1.1.3 Assess productive capacities of the sector, contribution of the sector to employment, income generation and economic empowerment of women, and establish baselines</p> <p><i>Activity completed in Q2-2013 as per workplan schedule</i></p>	<p>Assessment completed in Q2-2013. See <i>progress report for the periods January-May 2013 and June 2013-January 2014</i></p>	
<p>1.1.4 Assess market trends and conduct import market study identifying export potential and niche markets (including buyer characteristic, purchasing requirements and distribution channels) for high value silk products taking into account competition from other silk producing countries</p> <p><i>Activity completed in 2014, behind workplan</i></p>	<ul style="list-style-type: none"> <li>• Reports assessing key import markets for Cambodian high value silk i.e. European Union, Japan, Korea and the US completed in 2013. See <i>progress reports for the period January-May 2013 and June 2013-January 2014</i>.</li> <li>• Report on the Australian and New Zealand market incl. identification of potential buyers and analysis of their requirements finalised and disseminated to companies.</li> </ul>	

<u>schedule</u>		
1.1.5 Define 5 key export markets for Cambodian high value silk products <u>Activity completed in Q2-2013, ahead of workplan schedule</u>	<ul style="list-style-type: none"> <li>• 5 target markets defined - European Union, Japan, the Republic Korea, the US, Australia - with an overall strategy for each of them in Q2-2013. See progress report for the period January-May 2013.</li> </ul>	
1.1.6 Select 8-12 exporters or export-ready enterprises according to defined selection criteria as primary beneficiaries of project assistance. Gender-sensitive ownership of the exporting companies will be taken into account in the selection in order to support women owned enterprise in moving up the value chain <u>Activity completed in Q2-2013, ahead of workplan schedule</u>	<ul style="list-style-type: none"> <li>• 14 Cambodian silk companies identified as direct project beneficiaries. See progress reports for the periods January-May 2013, June 2013-January 2014 and February-July 2014.</li> </ul>	
1.1.7 Disseminate findings among main key stakeholders in national seminar or through web-based information channels <u>Activity completed in Q4-2013 as per workplan schedule</u>	<ul style="list-style-type: none"> <li>• Findings of market surveys and assessment of buyers' requirements disseminated/explained and used for capacity building of 41 representatives – of which 36 women – from 20 Cambodian silk companies during training workshops held in May 2014 (all 30 Cambodian silk companies which had responded to the assessment questionnaire at the outset of the project were invited), as well as for the dissemination workshop held in December 2014 in which 31 representatives – of which 23 women – from 20 silk companies participated.</li> </ul>	
<b>Output 1.2 Marketing capacities of selected exporters strengthened and export marketing strategies elaborated</b>		
1.2.1 Assist selected companies to elaborate export plans towards target markets based on the findings of the export potential assessment <u>Activity completed in Q1-2014 as per workplan schedule</u>	<ul style="list-style-type: none"> <li>• 13 companies elaborated their 3-year export plans for developing their products and markets, with advisory support from the project team. Coaching support has been provided to all companies to implement their plans. 1 company already had its export targets and does not need support in this area.</li> </ul>	
1.2.2 Train companies on market access criteria and distribution channels in target markets <u>Activity started in Q4-2012, ahead of workplan schedule, to continue in 2013-14</u>	<ul style="list-style-type: none"> <li>• 2 group training workshops organized since the beginning of the project (in October 2013 and May 2014) for more than 40 representatives – of which 36 women – from 20 Cambodian silk companies trained on customer relationship management, order handling, trade fair preparation and follow-up.</li> </ul>	
1.2.3 Organize workshops for selected	See progress reports for the periods January-May 2013, June	

<p>exporters to improve awareness of buyer requirements as well as other priority areas such as contracting, costing and pricing and provide customized advice to improve communication and export order handling</p> <p><u>Activity started in Q4-2012, ahead of workplan schedule, to continue in 2013-14 as per workplan</u></p>	<p><i>2013-January 2014 and February-July 2014. Evaluation forms completed by companies after the workshops are available upon request.</i></p> <ul style="list-style-type: none"> <li>• Improving awareness of buyers' requirements is part of continuous company coaching and regular trainings provided throughout project implementation. 12 companies have received regular and continuous advisory support by the project team to manage and follow-up on the contacts established with buyers, costing and pricing, preparation and sending of product samples and orders (preparation of packing lists, invoicing, shipments, etc.) resulting from trade fair participation and matchmaking with buyers facilitated by the project.</li> </ul>	
<p>1.2.4 Provide customized support to develop/improve promotional marketing materials and tools for selected companies (corporate brand image, product catalogues, websites)</p> <p><u>Activity started in Q3-2013, ahead of workplan schedule, to continue in 2014-2015</u></p>	<ul style="list-style-type: none"> <li>• Customized brand books and swatch catalogues developed for 11 Cambodian silk companies (see Activities 2.1.5 and 2.1.6).</li> <li>• Company/product catalogue featuring new product collections developed with project support for distribution to potential buyers prior and during trade fairs as well as through bilateral communications with pre-identified buyers, to promote Cambodian high value silk (see Activity 1.3.2).</li> <li>• 10 companies coached to improve photo shooting to better showcase their product collections in their marketing materials e.g. catalogues, websites and other communication materials.</li> <li>• Improved quality of companies' marketing materials: <ul style="list-style-type: none"> <li>- 7 companies improved their logos</li> <li>- 10 companies improved their product catalogues and promotional product photos</li> <li>- 6 companies improved or developed new flyers/leaflets</li> <li>- 7 companies developed company slide presentation for buyers</li> <li>- 1 company improved its fair trade marketing tools</li> <li>- 1 company has been assisted to become a full member of the World Fair Trade Organisation (WFTO)</li> </ul> </li> </ul>	

### Output 1.3 Exporters actively investigate foreign markets

1.3.1 Organize training workshops and provide customized support on how to prepare for trade fairs and on how to undertake marketing missions

Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan

- 7 representatives – of which 5 women – from 6 Cambodian silk companies coached on trade fair preparation (stand design preparation of promotion materials etc.) for Ambiente 2015 during a workshop held in November 2014.
- This adds to the 3 group training workshops already organized since the beginning of the project, during which more than 40 representatives – of which 36 women – from 20 Cambodian silk companies were trained on market development skills including trade fair preparation and follow-up.  
*See progress reports for the periods January-May 2013, June 2013-January 2014 and February-July 2014. Evaluation forms completed by companies after the workshops are available upon request.*
- 12 companies benefited from coaching and mentoring support to develop new collections in accordance with their corporate brand images and select product samples for trade fair participation in New York in August 2014, Paris in September 2014, Tokyo in November 2014 and Frankfurt in February 2015 (see Activity 1.3.2).
- 4 companies received continuous coaching support to follow-up on the contacts made with buyers and orders received as a result of their participation in Ambiente Trade Fair, in Frankfurt, in February 2014, thanks to project support (see Activity 1.3.2).
- Continuous customised advisory services and direct company coaching and mentoring provided throughout the project lifespan also contributes to support and increase companies' capacities to prepare, participate, follow-up to trade fairs and liaise with buyers.
- Communication developed with and invitations sent to pre-identified potential buyers to visit the Cambodian high value silk pavilions at trade fairs in New York, Paris, Tokyo and Frankfurt.

1.3.2 Identify relevant trade fairs and support participation of selected exporters in (2-3) international trade fairs according to identified export markets. Whenever possible support trade fair participation (booth rental, promotional material, transport accommodation) based on cost-sharing principles with beneficiaries.

Activity started in Q1 2013, to continue throughout project duration

- 12 Cambodian silk companies received support to participate in 3 major international handicraft, gift and home-deco trade fairs as part of “Cambodia High Value Silk” booths in three major import markets: Artisan Resource NY NOW, New York, United States (US), August 2014; Maison & Objet, Paris, France, September 2014; Lifestyle Living, Tokyo, Japan, November 2014.
- The costs of participation were born on a cost-sharing basis by the project and beneficiary companies. ITC provided technical assistance on marketing and product design prior to, during and after the fair, covered companies' travel costs and transport costs of the exhibits. Companies covered accommodation and all other costs.
- Marketing work prior to the fair:
  - Trade fair invitation brochure including descriptions of companies and photos of their latest product collections designed and produced with project support, distributed to potential buyers in the three target markets;
  - Selected buyers were contacted by e-mail and telephone;
  - Booth visits were scheduled in advance;
  - Company profiles and product photos were published in the trade fairs' online business visitor information and catalogues.
- Company preparation prior to the fair:
  - Capacity building, training and coaching organized within the framework of the project e.g. pedagogical workshops on product development and market development;
  - Continuous coaching to develop new product collections, prepare pricing lists, and organize trips to foreign markets.
  - ITC coordinated the contributions of the companies and organized the booths set-up.
- Support during the fair: ITC provided continuous advisory support to companies to improve their product display and manage their communication with buyers during the fair.

**Artisan Resource NY NOW, New York, United States (US), August 2014**

- Positive feedback from the visitors at the fair on Cambodian silk products offer and great interest from buyers in the US market: visitors were impressed by the attractive designs of the products that were showcased; the booth was busy throughout the trade

**Additional information:**

Since the beginning of the project:

- 14 companies received direct support to participate in trade fairs;
- Participation in 9 trade fairs was organized on cost-sharing basis with companies: Heimtextil (Frankfurt, Germany, 9-12 January 2013), Ambiente (Frankfurt, Germany, 15-19 February 2013) LifeStyle (Ho Chi Minh City, Vietnam, 18-21 April 2013), Artisan Resource NY NOW 2013 and 2014 (New York City, US, 18-20 August 2013 and 16-22 August 2014), Angkor Handicraft Fair (Siem Reap, Cambodia, 9-13 January 2014), Ambiente (Frankfurt, Germany, 7-11 February 2014, Maison et Objet (Paris, France, 5-12 Sept. 2014), Lifetsyle Living Tokyo (Tokyo, Japan, 26-28 November 2014).  
*See previous project progress reports for more information.*

	<p>show; most of the buyers mentioned that prices were competitive enough; previous buyers placed new orders.</p> <ul style="list-style-type: none"> <li>• The 7 companies met a total of 156 buyers.</li> <li>• Total sales during the fair amounted to + USD 14,000.</li> <li>• Expected after-the-fair sales are estimated by companies at + USD 115,000.</li> </ul> <p><b>Maison &amp; Objet, Paris, France, September 2014</b></p> <ul style="list-style-type: none"> <li>• Positive feedback from the visitors at the fair on Cambodian silk products offer and great interest from buyers in the French and European markets confirmed; visitors were impressed by the attractive designs of the products that were showcased; the booth was quite busy throughout the trade show; most of the buyers mentioned that the prices were competitive enough, and did not negotiated on prices; scarves and fabrics were the most successful.</li> <li>• The 6 companies met a total of 71 buyers.</li> <li>• Expected after-the-fair sales are estimated by companies at + USD 28,000.</li> <li>• 16 enquiries from buyers that will involve products from the whole group.</li> <li>• 3 buyers met on the booth planned to visit the companies in Cambodia in 2015.</li> </ul> <p><b>Lifestyle Living, Tokyo, Japan, November 2014</b></p> <ul style="list-style-type: none"> <li>• Direct sales at the booth reached USD 5,200 for 5 companies;</li> <li>• 75 new buyers visited the booth and showed strong interest in the Cambodia High Value Silk products;</li> <li>• Total sales expected after the fair: 23 quotes sent by companies to interested buyers; follow-up ongoing;</li> <li>• A Japanese agent was met and orders are expected with DINOS, the biggest TV and catalogue shopping in Japan; follow-up ongoing;</li> <li>• Companies collected very useful market information to develop their product collections and some were able to find distributors/shops in Tokyo for selling their products;</li> <li>• Interest in Cambodian silk products in the Japanese market confirmed: visitors were impressed by the attractive designs of the products that were showcased, and the booth was quite busy</li> </ul>	
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	<p>throughout the trade show; the smok fabric and jacket received a lot of “expression for being unique” and very new to the clients;</p> <ul style="list-style-type: none"> <li>• The good design award certificate that was displayed in the booth attracted many Japanese clients and enhanced the image of the products displayed.</li> </ul> <p><i>Evaluation forms completed by companies after the fairs are available upon request.</i></p>	
<p>1.3.3 Identify prospective buyers in target markets and facilitate match-making <u>Activity started in Q4-2012, ahead of workplan schedule, to continue throughout project lifespan</u></p>	<ul style="list-style-type: none"> <li>• <b>Increases in companies’ export revenues and in companies’ profits thanks to project support. Some also reported new job creation:</b> <ul style="list-style-type: none"> <li>- Cambodian silk producers who were interviewed during the CEDEP I MTE reported profits rise by between 20% and 30%;</li> <li>- Estimated new export sales of USD 170,000 for 11 companies since the beginning of the project;</li> <li>- USD 89,000 export sales for 5 companies following participation in the Ambiente trade fair in February 2014 and match-making with 10 to 30 prospective buyers during the fair.</li> <li>- One company reported + USD 5,000 new export sales in 2013-2014 thanks to contacts with buyers in Europe established through the project;</li> <li>- One company reported an increase in exports of USD 50,000 per year, increase in sales to tourists of USD 10,000 per year and an increase in the profit margin of exported products of USD 10,000 per year thanks to project support. This has resulted in new job creation of 15 sewing and 5 weaving jobs, an increase in the salaries of the company’s employees/workers of a total of USD 2,000 per month and in an increase the prices paid to the weavers/producers of a total of 1,000\$ total per month;</li> <li>- One company reported increased sales of between USD 35,000 to \$ 50,000, 5 new jobs created as a result, an increase in salaries of its workers of approx. 20% and of prices paid to weavers of 5% on average.</li> <li>- One company increased its exports of USD 6,000 and its profit margin of USD 2,000.</li> </ul> </li> </ul>	

	<ul style="list-style-type: none"> <li>- Two companies reported additional employment of 30 disabled persons due to orders received at Ambiente 2014.</li> <li><i>All this information is available from the project mid-term evaluation report, the evaluation forms completed by companies. See Chapter 2 of this report on Project impact stories for more.</i></li> <li>• Databases of 100 prospective buyers in Europe incl. large fair trade buyers, 139 in the US, 100 in Japan and 13 in Australia and New Zealand established. Specific, individual mailing and visits as well as follow-up interviews and contacts developed with all of them. Information collected on their requirements and needs. Invitations sent to these buyers to visit Cambodian silk booths and to meet one-on-one with them.</li> <li>• Contacts established with buyers in Europe, the US, Japan, Australia and New Zealand (e.g. "La Vie Devant Soie" in France, largest German fair trade wholesalers GEPA and EL PUENTE, largest Austrian fair trade wholesaler EZA, Ralph Lauren in the US, DINOS/the biggest TV and catalogue shopping in Japan, ReCreate New Zealand) which placed orders and are interested in developing long-term relationships with Cambodian silk companies.</li> <li>As a result: <ul style="list-style-type: none"> <li>- Order of 100 silk bags from Cambodia by the United Nations World Meteorological Organization (UN WMO) for its annual conference that will take place in May 2015.</li> <li>- Product samples sent to different buyers as a result of buyers' contacts established prior, during and after trade fairs incl. 3 new sample deliveries by 3 companies to 2 buyers in Germany after participation in Ambiente trade fair in February 2014.</li> <li>- 2 orders placed with GEPA and "La Vie Devant Soie".</li> <li>- 6 silk exporters who participated in the New York Fair are developing samples for Kennedy International.</li> <li>- 4 silk companies who participated in the Japan Fair sent samples to Japanese buyers for a value of USD 4,000.</li> <li>- 1 company developed a new sample for Gardening 4 Kids Australia.</li> <li>- 1 Australian company is interested in developing silk dolls as part of its children's toys offering.</li> </ul> </li> <li>Follow-up ongoing.</li> <li>• Continuous advisory support provided to companies to handle their</li> </ul>	
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	<p>orders and communication with buyers re. buyers' information requests, order conditions, payments, customs formalities and shipping, laboratory test requirements etc.</p> <ul style="list-style-type: none"> <li>• ITC teamed-up with DHL to reduce transportation challenges for exporting SMEs. DHL Global Forwarding Cambodia made a presentation and provided advice to Cambodia silk companies during the project dissemination workshop organized in December 2014.</li> </ul>	
<p>1.3.4 Organize 1-2 buyer-seller meeting and marketing mission to prospective buyers in target markets (to be organized back to back with trade fair participation) <i>Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• 20 pre-arranged bilateral meetings with prospective buyers held during Artisan Resource NY NOW, New York in August 2014; 15 during Maison &amp; Objet, Paris, in September 2014; and 10 during Lifestyle Living, Tokyo, in November 2014. Two-thirds to 80% (two-thirds for Ambiente 2014 for instance) of the order volume generated at the trade fair were due to the pre-arranged trade fair meetings with leading European Fairtrade wholesalers. See results described under Activities 1.3.2 and 1.3.3.</li> </ul>	
<p>1.3.5 Facilitate buyer visits to selected exporters <i>Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• Buyers' visits to Cambodian silk booths facilitated prior and during trade fairs in the US, France and Japan.</li> <li>• Visit of ReCreate New Zealand to project beneficiary companies in Cambodia was facilitated in October 2014. The buyer and her designer visited 3 project beneficiary companies. This resulted in a first order for 80 silk products, bags and clutches and wallets with one company, and holds high potential for other orders with this and other companies.</li> <li>• 10 buyers' visits to Cambodia planned for 2015, including the largest German fair trade wholesaler GEPA, CroisiEurope, Desooz Shop, Rainstick UK, Kennedy International US, Ralph Lauren US, Malia Design US, "La Vie event Soie" France, Le Cambodge à Paris, Living Silk Australia.</li> </ul>	

<p>1.3.6 Facilitate the establishment of new sales outlets in Phnom Penh (hotels etc.) targeting international visitors <i>Activity started in Q4-2013, ahead of workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• A total of 8 companies received advisory coaching support to develop their visual merchandising, redecorating and renovating their showrooms/retail shops and 1 company to open a new shop aimed at international visitors and tourists. Support has been provided to these companies to arrange their product display and decorate their shops, emphasizing their brand identities and concepts, to attract more buyers and visitors.</li> <li>• One company already reported an increase of 30% in its sales and another one increased its sales from USD 500 per month (local and export sales) to USD 3,500 per month on average since their showroom improvements and project start.</li> </ul>	
<p>1.3.7 Facilitate PPPs with tour operators/hotels to bring tourists to village-based weaving sites and showrooms of exporters and conduct other commercial and promotional activities <i>Activity to start in 2014, as per workplan</i></p>	<p><i>Nothing to report. The project will seek to invite tour operators/hotels to project activities in 2015.</i></p>	
<p>1.3.8 Analyze lessons learned and experiences made, revise the approach and arrangements, if necessary, and organize follow-up activities accordingly <i>Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• Regular feedback from beneficiaries in the form of evaluation forms, lessons learned from project activities since project launch collected and analysed to progressively adapt and adjust project activities, especially company coaching and training.</li> <li>• Lessons learned from participation in trade fairs, study tours, etc. analysed and summarized in activity reports and during project team meetings e.g. report on participation in NY NOW, Maison &amp; Objet and Lifestyle Tokyo trade fairs, etc. used as inputs for company coaching and for preparing future project activities and trade fair participations.</li> </ul>	

<p>1.3.9 Conduct dissemination workshops to share experiences and lessons learned with silk companies that are not directly supported by project activities, especially women owned companies with a view to improving their position in the silk sector value chain</p> <p><u>Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan</u></p>	<ul style="list-style-type: none"> <li>• Dissemination workshop held in December 2014 with 31 representatives – of which 23 women – from 20 silk companies (all 30 companies surveyed at the outset of the project were invited). The workshop covered key issues for exporting silk companies including company registration, Certificates of Origin and Silk Export Licence – in partnership with the Ministry of Commerce and the Ministry of Industry and Handicrafts; product transport and shipping – in partnership with DHL. The project team and beneficiary companies shared good practices, tips and lessons learned to develop sales, exports and product design.</li> <li>• More than 40 representatives - of which 36 women - from 20 Cambodian silk companies benefited from the information collected and lessons learned resulting from project activities, investigations conducted on foreign markets and trade fair participation during group training workshops held in October 2013 and May 2014 (all 30 Cambodian silk companies which had responded to the assessment questionnaire at the outset of the project were invited).</li> <li>• Documents and surveys produced in the framework of the project are disseminated to the Cambodian silk businesses and project partners through the project Drop Box system.</li> </ul> <p><i>See progress reports for the periods January-May 2013, June 2013-January 2014 and February-July 2014.</i> Information about project activities is disseminated through the project website and Facebook page.</p>	
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**Outcome 2: Improved quality and product design of handmade Cambodian silk products to meet market demand requirements for targeted export markets and from international visitors**

**Output 2.1 Skills of male and female exporters in product innovation and design development strengthened**

<p>2.1.1 Assess company-specific supply-side capacities including resources available for product design and development and establish project baselines <i>Activity completed in Q2-2013, ahead of workplan schedule</i></p>	<p>Assessment completed in Q2-2013. <i>See progress report for the period January-May 2013</i></p>	
<p>2.1.2 Conduct a general training course on contemporary trends on fashion design (e.g. colour palettes, patterns, silhouettes) <i>Activity started in Q4-2013, one month behind workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• 2 group training workshops already organized since the beginning of the project, in October 2013 and May 2014, during which more than 40 representatives – of which 36 women – from 20 Cambodian silk companies were trained on product design and development. <i>See progress reports for the periods January-May 2013, June 2013-January 2014 and February-July 2014. Evaluation forms completed by companies after the workshops are available upon request.</i></li> <li>• Continuous coaching support to the target group of 13 project beneficiaries to develop their corporate brand images, swatch books, new product designs and collections (see Activities 2.1.4, 2.1.5, 2.1.6 and 2.1.7).</li> </ul>	
<p>2.1.3 Train selected companies on product design and development including the business perspective of product design <i>Activity conducted in Q4-2013, as per workplan schedule, to continue throughout the project lifespan</i></p>		
<p>2.1.4 Conduct one study tour for designers to relevant fashion schools and buyers (to be combined with sales mission) <i>Activity to be conducted in 2014, as per workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• 2 study tours for 12 companies organized back-to-back with trade fairs in New York in August 2014 and Paris in September 2014 (see Activity 1.3.2).</li> </ul> <p>The tours included visits of 20 relevant flagship stores as well as visits of 11 potential buyers including US-based importers (Kennedy International, Homegoods, TJMaxx), fair trade distributors (Global Goods Partners, Malia Design and Five accessories, La Vie Devant Soie), high-end fashion brands (Ralph Lauren, Cacharel) and others (Reunion des Musées Nationaux, Le Cambodge à Paris).</p> <p>The tours provided companies with the opportunity to visit new potential buyers, directly market their products and get feedback</p>	

	on their product offers, understand and get inspiration from fashion and colour trends, new designs, shapes and merchandizing, patterns and prices.	
<p>2.1.5 Support companies to identify product range and collection for target markets and assist in creating a schedule for the creation of the collection</p> <p><i>Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• 12 Cambodian silk companies developed their corporate brand images through individual brand books and swatch catalogues, Each swatch book contains 2 to 4 product lines or product categories. These are used as guiding documents by companies and for project coaching and mentoring, to develop new products and collections, promote Cambodian silk, communicate with buyers, prepare for trade fairs and other related marketing events.</li> <li>• 13 Cambodian silk companies received customised and coaching support to develop new product collections and product lines – silk scarves, fashion accessories, lifestyle, home decoration – for each trade fair preparation, in line with target market requirements and fashion trends.</li> <li>• For each trade fair preparation, the 13 companies received support in i) product selection, ii) product adaptation (colours, shapes, motifs), and iii) product development.</li> <li>• Altogether, 120 new product designs have been developed for 13 companies since the beginning of the project.</li> </ul>	
<p>2.1.6 Provide customized advisory support to selected companies to develop new product designs and collections</p> <p><i>Activity started in Q1-2013, ahead of workplan schedule, to continue throughout project lifespan</i></p>		
<p>2.1.7 Monitor the development of new designs and products and provide follow-up support as needed</p> <p><i>Activity started in Q4-2013, ahead of workplan schedule</i></p>		
<p><b>Output 2.2 Improved vertical integration of silk value chain and enhanced technical skills of weaving communities to enable production of high quality handmade silk products in larger quantities</b></p>		
<p>2.2.1 Identify weaving communities with competitive advantage to serve export markets</p> <p><i>Activity completed in Q3-2013, as per workplan schedule</i></p>	Weaver survey and report conducted in Q3-2013. See progress report for the period June 2013-January 2014.	
<p>2.2.2 Assess existing weaving and dyeing techniques/methods and identify priority areas to increase production efficiency and quality improvements</p> <p><i>Activity completed in Q3-2013, ahead of workplan schedule</i></p>	Weaver survey and report conducted in Q3-2013. See progress report for the period June 2013-January 2014.	

<p>2.2.3 Provide technical training on silk weaving techniques to master weavers and on dyeing methods (AZO free and natural dyes) in order to respond to buyer requirements for new designs and product patterns and to improve production efficiency <i>Activity to start in 2014, 6 months behind workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• 29 persons from 13 companies, including 8 marketing and sales managers and 11 designers, middlemen and weavers were trained on synthetic dye (AZO free) and natural dye including practice and direct application of the skills transferred during 2 training workshops conducted at companies' workshops in Phnom Penh on 4-5 June and 25-27 June 2014. <i>Evaluation forms completed by companies after the workshops are available upon request.</i></li> <li>• Two training workshops held on colour fixing and supper washing on 16 July in Phnom Penh; and on wrapping and fly shuttle loom on 29-30-31 July in Takeo Province.</li> <li>• 65 persons trained on synthetic and natural dye, tie dye, super-soft washing, weaving – of which 54 women, 19 weavers, 44 companies' staff and workers and 2 company owners – during a series of 11 coaching sessions customized to the specific needs of each of 12 Cambodian silk companies in June-December 2014.</li> </ul>	
<p>2.2.4 Facilitate linkage building between exporters and weaver groups (vertical integration) to increase ability to meet demand requirements in terms of quality and quantity <i>Activity started in Q3-2013, as per workplan schedule, to continue throughout project lifespan</i></p>	<ul style="list-style-type: none"> <li>• 17 representatives from 11 companies, of which 16 at managerial positions and 1 artisan, met with 23 weavers groups and visited 3 weaving centres during 2 study tours to weavers' villages in 5 Cambodian provinces organized on 17-19 March 2014. Each company identified on average 5 to 6 new weavers' groups. 6 companies already added more than 8 weavers' groups to their existing networks of producers. <i>See progress report for the period February-July 2014.</i></li> </ul>	
<p>2.2.5 Ensure quality requirements by preparing/disseminating "spec cards" in cooperation with weavers' association <i>Activity to start in 2014, 6 months behind workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• Introduction to "spec cards" to + 40 representatives – of which 36 women – from 19 Cambodian silk companies during the training workshop held in May 2014. <i>See progress report for the period February-July 2014.</i></li> <li>• Templates for production sheets shared with 13 companies for preparing product record for trade fair participation.</li> <li>• Follow-up coaching support ongoing with companies.</li> </ul>	
<p>2.2.6 Strengthen horizontal cooperation among weaver communities to increase ability to produce large quantities of consistent quality products <i>Activity to be implemented in 2014-2015</i></p>	<p>This was part of the study tour objectives, organized under Activity 2.2.4. <i>See progress report for the period February-July 2014.</i></p>	

<p>2.2.7 End of project survey among village-based weavers to assess changes in sales and income <i>Activity to be conducted at the end of the project</i></p>	<p><i>Nothing to report. Activity to be conducted in 2015.</i></p>	
<p><b>Output 2.3 Quality and traceability of silk yarn imports ensured</b></p>		
<p>2.3.1 Conduct a study on silk yarn sourcing identifying suitable import markets based on cost and quality criteria and establish baseline for yarn imports <i>Activity completed in Q4-2013, 3 months behind workplan schedule</i></p>	<p>Study conducted in Q4-2013 and baseline information on yarn imports collected through the company and weaver surveys in Q2 and Q3-2013. <i>See progress report for the periods January-May 2013 and June 2013-January 2014.</i></p>	
<p>2.3.2 National silk supply directory updated and published <i>Activity to be conducted in 2014, behind workplan schedule, if need confirmed by project beneficiaries</i></p>	<p><i>Nothing to report. Activity cancelled.</i></p>	<p><b>Variance:</b> The need and use of the national silk directory for the benefit of project beneficiaries has been assessed. The directory is outdated and has been used neither by companies nor by buyers. <b>Mitigation action:</b> Company/product catalogue listing companies and their products, for buyers. List of silk yarn suppliers available in the silk yarn study, for businesses.</p>
<p>2.3.3 Facilitate bulk purchasing of silk yarn imports (i.e. Chinese silk yarn) <i>Activity started in Q2-2013 as per workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• Follow-up to the study tour to Ho Chi Minh City and Hanoi, Vietnam, conducted in December 2013, visit of a Vietnamese silk yarn supplier to Cambodia in March 2014 and to business contacts established with 7 silk yarn suppliers since the beginning of the project, including silk yarn testing, support to liaise and follow-up with suppliers.</li> <li>As a result, 5 companies sourced 10 kilos of silk yarn for wrap and 10 kg for visco thread from Vietnam, with quality corresponding to their production needs. 2 companies are planning to visit Vietnam to source high quality yarn. One silk company, in addition to the direct project beneficiaries, also identified a new silk yarn supplier thanks to project support.</li> <li>• Support to get VAT exemption for import of silk yarn until 2015. <i>See progress report for the period February-July 2014.</i></li> </ul>	
<p>2.3.4 Support purchasing units to source raw materials <i>Activity to start in 2014, instead of 2013, behind workplan schedule</i></p>		

**Outcome 3: Enhanced capacity of public and private stakeholders to jointly articulate and manage strategic priorities and initiatives to increase competitiveness and exports of the silk sector enhancing thereby its development impact**

**Output 3.1 Silk Board and Silk Secretariat have been created. Working groups of stakeholders have been formed around key silk sector development issues**

<p>3.1.1 Organize working group meetings with key sector stakeholders (i.e. Silk Board Working Group, Trade SWAp Silk Task Force) to facilitate establishment of the Silk Board and Silk Board Secretariat</p> <p><i>Activity started in Q1-2013, as per workplan schedule</i></p>	<ul style="list-style-type: none"> <li>• Royal decree and sub-decree ready for submission to the Council of Jurists and Council of Ministers.</li> <li>• Various meetings held with the MoC on NSB set-up and draft decrees.</li> <li>• Support document for the creation of the NSB prepared for use by the MoC/Private Sector Department to follow-up and move forward for the creation of the NSB.</li> <li>• Project team participated in the workshop on “Building connectivity among silk stakeholders in Cambodia” organized by the MoC in December 2014, and presented the NSB initiative and process in support of the MoC.</li> </ul>	<p><b>Variance:</b> The MoC has decided in January 2015 to prepare Prakas instead of decrees to create the NSB. Follow-up ongoing.</p>
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## 4. Difficulties encountered and measures taken/planned

### 1. Creation of the National Silk Board

#### Difficulty:

The National Silk Board (NSB) is expected to become the owner of an updated silk sector strategy, jointly formulated by key stakeholders, as part of outcome 3 of the project. The creation of the NSB is therefore pre-requisite to the launch of activities under outputs 3.2 and 3.3 i.e. silk sector strategy development and implementation.

The creation of the National Silk Board has been delayed and is taking much more time than expected, partly due to the election process in 2013 and subsequent internal changes within the Ministry of Commerce in 2014.

The CEDEP I MTE report (December 2014) states that:

“The delays in the establishment of the National Silk Board have been a major concern for the rolling-out of the remaining activities, such as the formulation of the National Silk Strategy, under the outcome 3 of the High Value Silk Component... This delay leads to a lack of vision and long-term planning of the silk sector... It is crucial that the sub-decree on the National Silk Board roles and responsibilities is approved and implemented as soon as possible by the MoC.... The National Silk Board has been discussed for a long time without effective materialization...

ITC as the MIE has been very active in facilitating the endorsement process through various actions such as the recruitment of a legal adviser, the drafting of the decrees, the organization of meetings with the MoC and the Silk Board Working Group...

A mitigation plan has been formulated by ITC in case of the postponement of the establishment of the National Silk Board. Indeed, without the National Silk Board, the coordination of the silk sector as well as the formulation of the National Silk Strategy cannot be achieved, hence putting at risk the sustainability of the project and consequently of the silk sector. A National Silk Strategy was formulated in 2005 and needs to be updated taking into account the recent development and progress in the Cambodian silk sector. Three options have been identified by ITC as mitigation actions”, following the SCSC meeting of February 2014, when the Committee recommended that the progress made in the establishment of the NSB be reviewed, and that the MoC and ITC should jointly recommend a practical approach to mitigate the risks identified by mi-2014 (see progress report for the period February-July 23014 for more information):

- “Option 1. Extend CEDEP I/High Value Silk Project duration
- Option 2. Re-allocate the resources earmarked for support to the silk sector strategy update (project outcome 3) to reinforce other project components (outcomes 1 and 2).
- Option 3: Reinforce the capacities of an already existing body or institution in Cambodia under project outcome 3 that could then replicate and support the NSB once created.

... The National Silk Board is a prerequisite in the setting up of the institutional framework in which the National Silk Strategy should be the first milestone. The outcome 3 is therefore not completed and unlikely to be completed entirely before the end of the project.”

## Measures taken/planned:

The project has been providing support to the MoC in its process to create the NSB while considering and adapting to national priorities and processes:

- First draft sub-decree for the creation of the NSB developed by the project team during the project inception phase, in Q4-2012;
- Silk Board Working Group Meeting organized with the MoC on 25 January 2013 with 6 representatives from line Ministries and 3 from the private sector, to present, discuss and review the draft sub-decree;
- Terms of reference for a legal advisor produced and agreed on with the MoC in Q2-2013 to provide advisory support for the decree endorsement, revisions and preparation of legal documents to facilitate the establishment of the NSB and Secretariat;
- Legal advisor recruited in Q4-2013, after delays due to the election process;
- New draft royal decree and revised sub-decree finalised by the legal advisor in January 2014;
- Decrees presented and discussed during the third project SCSC meeting in February 2014;
- SCSC recommendation that the progress made in the establishment of the NSB be reviewed, and that the MoC and ITC should jointly recommend a practical approach to adjust project activities and propose an eventual addendum to CEDEPI programme document, by mid-2014;
- Comments collected during the SCSC meeting integrated into the revised documents in February 2014;
- Action plan with key milestones towards the establishment of the NSB by mid-2014 formulated by the legal advisor in March 2014, at the request of the MoC;
- Meetings held with the MoC between March and December 2014 to review the draft decrees and follow-up on their endorsement process;
- Preparation of a support document for the creation of the NSB at the request of and for use by the MoC/Private Sector Department;
- Project team participated in various meetings and events incl. the workshop on “Building connectivity among silk stakeholders in Cambodia” organized by the MoC in December 2014, to present the NSB initiative and process in support of the MoC, and meeting conveyed by the MoC on the NSB in January 2015.

It is estimated that the process for the creation and operationalization of the NSB will take several months, before work can effectively start with the NSB members.

A decision on a concrete way to move forward on the NSB creation on the proposed mitigation action options, or others, was recommended to the SCSC during its meeting of August 2014.

As a result, the MoC has decided in January 2015 to change the process and issue a Prakas instead of a Decree to move forward faster but no feedback has been received from the MoC yet.

The Committee acknowledged that there would not be enough time to implement the outcome 3 of the project within the project current timeframe. It was suggested that project extension could be requested to the EIF Board within 6 months prior to the completion date of the current project (i.e. as of 25 March 2015).

The CEDEP I MTE report recommends that: “a time extension for a period of one (1) year for each component in order to complete the expected results subject to satisfactory performance and availability of funds. In the case of ITC, a project extension would require an increase of project coordination resources both for ITC and the MoC to manage project outcome 3 beyond

September 2015 and additional funding sources would therefore be required. It should particularly highlighted that, should the project duration be extended, there would therefore be a need for additional management/coordination budget. Project implementation would be limited to only one outcome (outcome 3) after September 2015 while direct support to businesses and weavers would not be able to continue since financial resources for outcomes 1 and 2 would have been exhausted. Additional funding sources for company and weaver support would therefore be required”.

ITC is awaiting feedback and guidance from DICO following the above.

## Annex I. Progress update according to performance indicators based on logical framework

Strategy of Intervention	Key Performance Indicators	Baselines	Achievements Oct-Dec 2012	Achievements Jan 2013-Jan 2014	Achievements Feb-July 2014	Achievements Aug 2014-Jan 2015
<p><b>Impact #1:</b> Increased competitiveness of the Cambodian silk sector with a positive impact on poverty reduction through employment creation and income growth, especially among women, thereby contributing to meet Cambodia's MDGs</p>	<ul style="list-style-type: none"> <li>Increase in income of silk weavers by 200%</li> </ul>	<p>Monthly income from silk weaving: USD 387 on average per weaver (88 weavers answered)</p>				<p>One company reported increased in prices paid to weavers/producers of a total of USD 1,000 per month.</p> <p>One company reported increased prices paid to weavers of 5% on average</p>
<p><b>Impact #2:</b> Focus on high value silk exports will contribute to developing Cambodia's image of an economy that can compete not only on price but also on quality.</p>						<p>"The project has contributed to a higher level of recognition of the Cambodian silk at international level" – project MTE</p>
<p><b>Impact #3 (added indicator):</b> New jobs created in Cambodia and/or increased salaries thanks to new export sales generated with project support</p>						<p>One company created 15 sewing and 5 weaving jobs and increased salaries of company's employees/workers of a total of USD 2,000 per month</p> <p>One company created 5 new jobs and increased salaries of its workers by approx.</p>

						20%  Two companies reported the creation of new jobs for 30 disabled persons
<p><b>Outcome #1: Market Development</b></p> <p>Increased sales of handmade high value silk products by 8 to 12 Cambodian silk exporters, and their respective production networks of female weavers in rural villages, to up to 5 selected importing markets and to international visitors</p>	<ul style="list-style-type: none"> <li>Increase in cross-border exports of Cambodian silk products. Target: value increased by 50% at the end of the project. Benchmark to be developed under Output 1.1 (Export sales estimated at USD1.5m)<sup>1</sup></li> </ul>	<p><b>Average exports for all 30 companies:</b> USD 25,417 per company (17 answered) (2012 est.)</p> <p><b>Average for 14 target beneficiary companies:</b> USD 32,047 per company (11 answered) (2012 est.)</p>		<p>+ USD 10,000 new export sales of Cambodian silk products generated for 7 companies through participation in trade fairs as of mid-2013</p> <p>+ USD 180,000 under negotiation as of mid-2013</p> <p>+ USD 11,000 for 7 companies as of Jan 2014</p>	<p>+USD 142,000 total export sales generated for 4 companies as a result of participation in Ambiente trade fair</p> <p>This includes + 40% export sales increase by one company</p> <p>+ USD 35,000 in export sales of one company as a result of project support as of May 2014</p> <p>+ 50% export sales by one company as a result of project support as of May 2014</p> <p>+ USD 20,000 increase in export sales by one</p>	<p>By trade fair:</p> <p>+USD 14,000 total export sales concluded and +USD 115,000 estimated after-the-fair sales for 7 companies as a result of participation in New York trade fair</p> <p>+USD 28,000 estimated after-the-fair sales for 6 companies as a result of participation in Paris trade fair</p> <p>+USD 5,200 total direct export sales concluded for 5 companies as a result of participation in Tokyo trade fair</p> <p>+89,000 export</p>

<sup>1</sup> This estimate includes domestic sales to tourists, **exclusive** of sales by Artisans d'Angkor

					<p>company a result of project support as of May 2014</p> <p>+ USD 2,000 increase in export sales by 2 companies a result of project support as of May</p>	<p>sales for 5 companies following participation in Ambiente 2014</p> <p>By company:</p> <p>+ USD 170,000 total estimated sales for 11 companies since project outset</p> <p>+ USD 50,000 export sales per year reported by 1 company</p> <p>+ USD 5,000 and USD 6,000 new export sales in 2013-2014 respectively reported by 2 companies</p>
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	<ul style="list-style-type: none"> <li>Increase in the sales value of silk products sold to tourists through different channels (shops, hotels, etc.) by male and female owned companies assisted by the project</li> </ul>	<p><b>Average for all 30 companies:</b> USD 36,919 per company (19 answered) (2012 est.)</p> <p><b>Average for 14 target beneficiary companies:</b> USD 18,064 per company (9 answered) (2012 est.)</p>		<p>+ USD 7,000 estimated sales value to tourists by 12 male and female owned companies</p> <p>+ USD 5,000 sales to professional buyers/shops for tourists by 7 male and female owned companies</p>	<p>+ 30% increase in sales by one company at its shop in Phnom Penh as of June 2014 thanks to project support</p> <p>Increase of both local and export sales by one company from USD 500 per month to USD 3,500 per month on average as of June 2014 thanks to project support</p>	<p>+ USD 10,000 increase per year reported by 1 company</p> <p>+ approx. 20% sales reported by 4 companies</p>
	<ul style="list-style-type: none"> <li>Number and diversification of markets reached</li> </ul>	<p><b>Average for all 30 companies:</b> 3.14 markets reached per company (14 answered) (2012 est.)</p> <p><b>Average for 14 target beneficiary companies:</b> 3.78 markets reached per company (9 answered) (2012 est.)</p>		<p>9 companies reported having identified new buyers in Germany, France, the US, Australia, Hong Kong, Vietnam</p>	<p>11 companies which participated in trade fairs and matchmaking with buyers met with new buyers from Austria, Belgium, France, Germany, Sweden, the US, Vietnam</p>	<p>Since project start: 14 companies which participated in trade fairs and matchmaking with buyers met with new buyers from Austria, Belgium, France, Germany, Sweden, the US, Vietnam, Australia, New Zealand, Japan</p>
	<ul style="list-style-type: none"> <li>Number of enterprises having met buyers and transacted business</li> </ul>	<p>Baseline not required: activity-specific indicator</p>		<p>7 enterprises as of May 2013</p> <p>12 enterprises as of January 2014</p>	<p>12 enterprises as of July 2014 (within the project target group of 14 direct beneficiaries since 2 joined the project early 2014)</p>	<p>11 companies</p>
	<ul style="list-style-type: none"> <li>Range of products exported</li> </ul>	<p><b>Main exports:</b> fashion items such as scarves,</p>		<p>Scarves, fashion accessories, bags</p>	<p>Scarves, fashion accessories, jewellery, bags, cosmetic cases,</p>	<p>Scarves, fashion accessories, jewellery, bags,</p>

		<p>accessories and bags</p> <p><b>Average for all 30 companies:</b> 3.54 product lines exported per company (22 answered) (2012 est.)</p> <p><b>Average for 14 target beneficiary companies:</b> 4.29 product lines exported per company (14 answered) (2012 est.)</p>			toys, cushions, ipad cases, etc.	cosmetic cases, toys, cushions, etc.
	<ul style="list-style-type: none"> <li><i>Road Map Pillar2 KPI 2.3.a: Exports in new markets increase</i></li> </ul>	<p><b>For all 30 companies:</b> Countries where surveyed companies currently export: Belgium, France, Germany, Italy Netherlands Switzerland Sweden UK USA Canada Australia New Zealand Japan Korea Singapore Thailand (22 answered)</p> <p><b>For 14 target beneficiary companies:</b> Switzerland, UK, France,</p>		9 companies reported having identified new buyers in Germany, France, the US, Australia, Hong Kong, Vietnam	11 companies which participated in trade fairs and matchmaking with buyers met with new buyers from Austria, Belgium, France, Germany, Sweden, the US, Vietnam	14 companies since project start which participated in trade fairs and matchmaking with buyers met with new buyers from Austria, Belgium, France, Germany, Sweden, the US, Vietnam, Australia, New Zealand, Japan

		Germany, Spain, Italy, Sweden, Netherland, Belgium, USA, Australia, Japan, Korea, New Zealand, Canada, Singapore, Thailand (14 answered)				
<b>Output 1.1</b> Export potential and key export markets for high value handmade silk products identified and supply capacity analyzed	<ul style="list-style-type: none"> <li>Number of studies prepared</li> </ul>	Baseline not required: activity-specific indicator		2 studies as of May 2013 i.e. baseline data analysis assessing sector capacities; analysis of key import markets for Cambodian high value silk  + 8 studies as of January 2014 i.e. baseline data analysis assessing weavers' capacities and needs; Recommendations for streamlining the HS reporting of Cambodian high value silk exports; 4 Market Opportunity Reports assessing key import markets for Cambodian high value silk; silk sector value chain analysis report; study on silk yarn sourcing		1 Market Opportunity study on the Australian and New Zealand market
	<ul style="list-style-type: none"> <li><i>Road Map Pillar 2 KPI 2.3.7.a: Silk Sector Profile developed by VCU</i></li> </ul>	Baseline not required: activity-specific indicator		4 Market Opportunity Reports used as guidance for developing market		1 Market Opportunity study on the Australian and

	<i>is used as guidance for developing market opportunities</i>			opportunities + 1 full-fledged silk sector value chain analysis report was produced in January 2014, to be used for guidance for current and future project implementation and as a resource document for the National Silk Board, once created.		New Zealand market
	<ul style="list-style-type: none"> <li>Number of male- and female-owned silk companies made aware of market potential</li> </ul>	Baseline not required: activity-specific indicator	6 of which 5 women	<p>7 companies as of May 2013: 18 company representatives including 16 women</p> <p>40 representatives – of which 31 women – from 22 Cambodian silk companies as of January 2014</p>	41 representatives – of which 36 women – from 20 Cambodian silk companies as of July 2014	<p>40 representatives – of which 36 women – from 20 Cambodian silk companies</p> <p>12 companies received customized coaching</p> <p>14 companies participated in trade fairs</p>
<b>Output 1.2</b> Marketing capacities of selected exporters strengthened and export marketing tools elaborated	<ul style="list-style-type: none"> <li>Number of export plans developed and implemented by companies</li> </ul>	<b>For all 30 companies:</b> 8 companies already have an export strategy. (14 answered) <b>14 target beneficiary companies:</b> 5 companies already have an export strategy. (8 answered)		11 export plans developed and implementation started by 11 companies	+ 2 companies in the process of drafting their export plans as of July 2014	12 export plans for 12 companies since the project start
	<ul style="list-style-type: none"> <li>Number of beneficiaries (male/female) enabled to analyse export markets and formulate export plans</li> </ul>			11 beneficiaries (8 female/3 male) enabled to analyse export markets and formulate export plans		12 11 beneficiaries (9 female/3 male) enabled to analyse export markets and formulate export plans

	<ul style="list-style-type: none"> <li>Number of corporate marketing tools developed/improved with support of the project</li> </ul>	<p><b>Average for all 30 companies:</b> Average of 2 marketing tools used by a company (27 answered) <b>14 target beneficiary companies:</b> Average of 3 marketing tools used by a company (13 answered)</p>	<p>1 product catalogue for 6 companies and 3 articles published on SIPPO website</p>	<p>7 company/product profiles and 1 article published on the Internet as of May 2013</p> <p>9 corporate brand books developed for 9 companies</p> <p>2 company/product catalogues produced</p> <p>1 company website improved</p> <p>1 company flyer improved as of Jan 2014</p>	<p>+ 1 company brand book developed for 1 company</p> <p>+ 1 company/product catalogue under developed with new product collections</p> <p>10 companies coached to improve photo shooting to better showcase their product collections in their marketing materials</p> <p>+ 4 companies improved their logos</p> <p>3 companies improved their product/company flyers</p> <p>+2 press releases, 1 TV report (CNC) and 2 press articles</p>	<p>Customized brand books and swatch catalogues developed for 11 Cambodian silk companies since the project start</p> <p>1 company/product catalogue featuring new product collections developed for buyers</p> <p>10 companies coached to improve photo shooting</p> <p>7 companies improved their logos</p> <p>10 companies improved their product catalogues and promotional product photos</p> <p>6 companies improved or developed new flyers/leaflets</p> <p>7 companies developed company slide presentation for buyers</p>
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						<p>1 company improved its fair trade marketing tools</p> <p>1 company has been assisted to become a full member of the World Fair Trade Organisation</p>
<p><b>Output 1.3</b> Export and sales opportunities created in selected foreign and tourism market</p>	<ul style="list-style-type: none"> <li>Number of new buyer contacts established (Target: 25-35)</li> </ul>	Baseline not required: activity-specific indicator		<p>231 new buyer contacts established as of May 2013</p> <p>53 buyer contacts in Europe and 47 in the US established as of Jan 2014</p>	<p>Contacts established with 100 prospective buyers in Europe, incl. large fair trade buyers, 139 buyers in the US and 100 in Japan as of July 2014.</p>	<p>Contacts established with 100 prospective buyers in Europe, 139 buyers in the US, 100 in Japan, 12 in Australia and New Zealand since the beginning of the project</p>
	<ul style="list-style-type: none"> <li>Number/volume of orders received/letter of intent signed</li> </ul>	Baseline not required: activity-specific indicator		<p>10 orders from buyers received and delivered by 3 companies as of Jan 2014</p>	<p>33 orders by 5 companies from 13 buyers in Europe (as a result of Ambiente trade fair) totalling USD 142,000</p>	<p>3 orders through matchmaking</p> <p>17 orders after Ambiente 2014</p> <p>13 product samples prepared for buyers</p>
	<ul style="list-style-type: none"> <li>Number of trade fairs/marketing mission facilitated (Target: 4-6)</li> </ul>	Baseline not required: activity-specific indicator	1: Heimtextil Fair	<p>2 as of May 2013: Ambiente, LifeStyle</p> <p>+ 3 as of Jan 2014: Artisan Resource NY NOW 2013, Angkor Handicraft Fair, Study tour to Vietnam</p>	<p>+ 1 as of July 2014: Ambiente</p>	<p>+ 3 (New York, Paris, Tokyo)</p>

	<ul style="list-style-type: none"> <li>Number of new sales outlets established (Target: 3-5)</li> </ul>	<p>Nb. of outlets for direct sales  <b>Average for all 30 companies:</b> all 28 companies which answered have an outlet for direct sales  <b>14 target beneficiary companies:</b> all 13 companies which answered have an outlet for direct sales</p>			<p>3 showrooms/sales outlets for international visitors/tourists improved by 3 companies  + 1 new sale outlet/shop opening by 1 company</p>	<p>8 companies' showrooms/sales outlets for international visitors/tourists improved  + 1 new sale outlet/shop opening by 1 company  since project start</p>
	<ul style="list-style-type: none"> <li><i>Pillar 2 Road Map KPI 2.3.7.d: Developing the value chain by integrating silk products into the tourism market</i></li> </ul>	<p>Nb. of companies selling to tourists and how much  <b>For all 30 companies:</b> 19 companies currently sell to tourists with average sales worth USD 31,487 per company in 2012 (21 answered)  <b>14 target beneficiary companies:</b> 10 companies currently sell to tourists with average sales worth USD 17,757 per company in 2012 (12 answered)</p>		<p>12 companies sold USD 7,000 to tourists, of which 7 companies sold USD 5,000 to professional buyers/shops for tourists as of Jan 2014</p>	<p>1 company increased sales by 30% to tourists and locals at its shop  1 company increased its sales from USD 500 per month (local, tourists and export sales) to USD 3,500 per month on average as of July 2014</p>	<p>+ USD 10,000 increase per year reported by 1 company  + approx. 20% sales reported by 4 companies</p>

	<ul style="list-style-type: none"> <li>Number of male- and female-owned silk companies that attended dissemination workshop</li> </ul>	Baseline not required: activity-specific indicator		<p>9 silk companies including 8 women as of May 2013</p> <p>22 Cambodian silk companies – of which 10 female – owned companies as of Jan 2014</p>	<p>41 representatives – of which 36 women – from 20 Cambodian silk companies attended market development workshop in May 2014</p> <p>42 representatives – of which 36 women – from 19 Cambodian silk companies attended product development workshop in May 2014</p> <p>29 persons – of which 20 female - from 13 companies, including 8 marketing and sales managers and 11 designers, middlemen and weavers attended 2 workshops on dyeing in June 2014</p>	<p>31 representatives – of which 23 women – from 20 Cambodian silk companies attended market development workshop in December 2014</p>
<p><b>Outcome #2: Product Development</b></p> <p>Improved quality and product design of handmade Cambodian silk products to meet market demand requirements for targeted export markets and from international visitors</p>	<ul style="list-style-type: none"> <li>Number of new products and collections developed/adapted by exporters during project period</li> </ul>	Baseline not required: activity-specific indicator	13 new collections developed/adapted	<p>12 new collections developed/adapted as of May 2013</p> <p>7 new collections by 4 companies under development/adaptation (there are different products lines, and product designs under one collection) as of Jan 2014</p>	<p>13 new collections by 13 companies (1 collection by company) under development/adaptation as of July 2014 (there are different products lines, and product designs under one collection).</p> <p>A total of 113 product designs developed for 10 companies</p>	120 new product designs developed for 13 companies since project start
	<ul style="list-style-type: none"> <li><i>Road Map Pillar 2 KPI 2.3.b: Exports of “new products”</i></li> </ul>	Baseline not required: activity-specific indicator		New product collections developed including scarves, fashion	13 Cambodian silk companies received customised and	13 Cambodian silk companies received

	<p><i>increase (in this case, new collections)</i></p>			<p>accessories, bags</p>	<p>coaching support to develop new product collections and product lines – silk scarves, fashion accessories, lifestyle, home decoration – for each trade fair preparation, in line with target market requirements and fashion trends.</p> <p>New products developed include scarves, fashion accessories, jewellery, bags, cosmetic cases, toys, cushions, ipad cases, etc.</p>	<p>customised and coaching support to develop new product collections and product lines – silk scarves, fashion accessories, lifestyle, home decoration – for each trade fair preparation, in line with target market requirements and fashion trends.</p> <p>New products developed include scarves, fashion accessories, jewellery, bags, cosmetic cases, toys, cushions and lifestyle products, ipad cases, etc.</p> <p>since project start</p>
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	<ul style="list-style-type: none"> <li>Increase in profit margins of exported products</li> </ul>	<p><b>Average for all 30 companies:</b> USD 13,280 per company (17 answered) (2012 est.)</p> <p><b>Average for 14 target beneficiary companies:</b> USD 22,604 per company (9 answered) (2012 est.)</p>		Increase of USD 20,000 in profit margin of exported products reported by one company as of Jan 2014	<p>Increase of USD 10,000 in profit margin of exported products reported by one company as of July 2014</p> <p>Increase of USD 1,000 in profit margin of exported products reported by one company as of July 2014</p>	<p>Increase of USD 10,000 per year in profit margin of exported products reported by one company</p> <p>Increase of USD 2,000 in profit margin of exported products reported by one company as of July 2014</p>
	<ul style="list-style-type: none"> <li>Acceptance rate of product samples by buyers with respect to compliance with quality requirements</li> </ul>	Baseline not required: activity-specific indicator			18 set of product samples by 9 companies sent to approx. 10 buyers, of which at least 2 resulted in new orders	Samples under finalisation and/or review by buyers
<b>Output 2.1</b> Skills of exporters in product innovation and design development strengthened	<ul style="list-style-type: none"> <li>Number of designers (male/female) with improved knowledge and skills in project design and development</li> </ul>	Knowledge and skills will be assessed before and after trainings			Managers and/or designers from 13 companies	Managers and/or designers from 13 companies
	<ul style="list-style-type: none"> <li>Number of study tours conducted for designers (male/female)</li> </ul>	Baseline not required – activity-specific indicator				2 study tours for 12 companies CEO/designers (9 female, 3 men) in Paris and New York
	<ul style="list-style-type: none"> <li>Number of corporate training workshops conducted (male/female)</li> </ul>	Baseline not required – activity-specific indicator		2 training workshops on product innovation and design as of	1 training workshop on product development	2 workshops on colour fixing and supper washing

				May 2013 1 training workshop on marketing and market development as well as product design and development as of Jan 2014	2 training workshops on natural dyeing and on synthetic dyeing (AZO free)	11 customized coaching sessions on dyeing and weaving for 12 companies with 65 representatives – of which 54 women, 19 weavers, 44 companies' staff and 2 companies' owners
<b>Output 2.2</b> Improved vertical integration of silk value chain and enhanced technical skills of weaving communities to enable production of high quality handmade silk products in larger quantities	<ul style="list-style-type: none"> <li>Number of (male/female) weavers who improved technical skills in yarn preparation, weaving and dyeing</li> </ul>	Knowledge and skills will be assessed before and after trainings			29 persons of which 11 designers, middlemen and weavers improved skills in dyeing during 2 training workshops	2 workshops on colour fixing and supper washing  19 weavers during coaching sessions on weaving and dyeing
	<ul style="list-style-type: none"> <li><i>Road Map Pillar 2 KPI 2.3.7.e: Continuing capacity building among weavers/producers</i></li> </ul>	Baseline not required – activity-specific indicator			29 persons of which 11 designers, middlemen and weavers improved skills in dyeing during 2 training workshops  23 weavers' groups in 5 Cambodian provinces (Prey Veng, Takeo, Kandal, Siem Reap, Phnom Shrok) linked to	Follow-up ongoing:  29 persons of which 11 designers, middlemen and weavers improved skills in dyeing during 2 training workshops  23 weavers' groups in 5 Cambodian provinces (Prey

					17 representatives from 11 exporting companies during 2 study tours to increase their clients' contacts and linkages to export markets	Veng, Takeo, Kandal, Siem Reap, Phnom Shrok) linked to 17 representatives from 11 exporting companies during 2 study tours to increase their clients' contacts and linkages to export markets
	<ul style="list-style-type: none"> <li>Number of (male/female) weavers serving the export market</li> </ul>	Estimated 38 weavers reported to be serving export markets: 45.2% (84 weavers answered)			6 companies added more than 8 weavers' groups to their existing networks of producers for exports, some of which already started working with new weavers in Takeo, Kandal, Prey Veng	Follow-up ongoing: 6 companies added more than 8 weavers' groups to their existing networks of producers for exports, some of which already started working with new weavers in Takeo, Kandal, Prey Veng.
	<ul style="list-style-type: none"> <li>Share of production output compliant with "spec card" requirements</li> </ul>	Baseline not required – activity-specific indicator				

<b>Output 2.3</b> Quality and traceability of silk yarn imports ensured	<ul style="list-style-type: none"> <li>Increased share of traceable silk yarn imports (as reflected through COs)</li> </ul>	Only 2 companies responded: on average 85% of silk yarn imported by a company has a CO				5 companies sourced silk yarn from Vietnam
	<ul style="list-style-type: none"> <li>Number of purchasing units strengthened</li> </ul>	Baseline not required – activity-specific indicator				
	<ul style="list-style-type: none"> <li><i>Road Map Pillar 2: Addressing the problem of silk yarn supply</i></li> </ul>	Baseline not required – activity-specific indicator		Chinese silk yarn sample ordered for testing facilitated by the project as of May 2013  Study and list of silk yarn suppliers  Bulk purchasing of silk yarn facilitated by the project: silk yarn samples from China and Vietnam ordered for testing	Project facilitated the visit of a Vietnamese silk yarn supplier to Cambodia to meet 10 Cambodian companies looking of new suppliers. As a result, companies sourced 10 kilos of silk yarn for wrap and 10 kg for visco thread from Vietnam,	Specific activities have been conducted to support companies find new sources of supply for quality silk yarn such as a survey, a study tour, supplier visit to Cambodia, inputs to FAMSEC

				Study tour to Vietnam increased awareness and understanding of international market quality requirements, yarn specifications and sourcing, how to improve the quality of Cambodian silk products	with quality corresponding to their fabrication needs.  The project team contributed and provided inputs to the Federation of Associations for SMEs of Cambodia (FASMEC) Working Group Manufacturing and Small and Medium Enterprises which resulted in the announcement by the Ministry of Economy and Finance, in April 2014, of a VAT exemption for import of silk yarn until 2015.	
<p><b>Outcome #3: Silk Sector Coordination and Strategy.</b> Enhanced capacity of public and private stakeholders to jointly articulate and manage strategic priorities and initiatives, including gender-focused, to increase</p>	<ul style="list-style-type: none"> <li>Silk Sector Strategy and Action Plan, ensuring representation of women in the sector, endorsed by stakeholders</li> </ul>	Baseline not required – activity-specific indicator		Silk sector value chain analysis report, highlighting the importance of women in the high value silk sector and consolidating all the information collected and outcomes of the research and studies conducted under the current		

competitiveness and exports of the silk sector enhancing thereby its development impact.				and previous silk projects since 2005. Background document for current and future project implementation and design in Cambodia and resource document for the National Silk Board, once created.		
	<ul style="list-style-type: none"> <li>National ownership of sector strategy assumed by National Silk Board</li> </ul>	Baseline not required – activity-specific indicator				
	<ul style="list-style-type: none"> <li>Number of strategic actions identified in sector strategy that have been addressed</li> </ul>	Baseline not required – activity-specific indicator				
<b>Output 3.1</b> Silk Board and Silk Secretariat have been created. Working groups of stakeholders have been formed around key silk sector development issues	<ul style="list-style-type: none"> <li>Government Anukret and/or Ministerial Prakas as needed</li> </ul>	Baseline not required – activity-specific indicator		1 draft sub-decree as of May 2013	1 royal decree and 1 sub-decree	
	<ul style="list-style-type: none"> <li>Number of stakeholders working group established and functioning (e.g. number of meetings)</li> </ul>	Baseline not required – activity-specific indicator		1 revised draft sub-decree as of Jan 2014		
	<ul style="list-style-type: none"> <li><i>Road Map Pillar 2KPI 2.3.7.b: Silk Board is Created</i></li> </ul>	Baseline not required – activity-specific indicator		1 working group meeting held on 25 January 2013		
<b>Output 3.2</b> Silk Sector Strategy and Plan of Action,	<ul style="list-style-type: none"> <li>Number of Inclusive participatory workshops held</li> </ul>	Baseline not required – activity-specific indicator				

ensuring representation of women in the sector, developed with stakeholders	<ul style="list-style-type: none"> <li>• Sector strategy developed</li> <li>• Plan of Action and Implementation Matrix developed</li> <li>• <i>Road Map Pillar 2 KPI 2.3.7.c:Silk Sector Development Strategy is developed</i></li> </ul>	Baseline not required – activity-specific indicator				
<b>Output 3.3</b> Effective implementation management and monitoring framework established	<ul style="list-style-type: none"> <li>• Validation of implementation management and monitoring framework by National Silk Board</li> <li>• Number of initiatives initiated by the Silk Board to address issues identified in Strategy Action Plan</li> <li>• Number of roundtable meetings held to review strategy implementation progress ensuring representation of women in the sector</li> </ul>	Baseline not required – activity-specific indicator				
		Baseline not required – activity-specific indicator				
		Baseline not required – activity-specific indicator				

## Annex II. Minutes of the Fourth SCSC Meeting

### MINUTES

#### Fourth Meeting of the Steering Committee of the Silk Component (SCSC) Cambodia Export Diversification and Expansion Programme (CEDEP I)

Chair: H.E. Mao Thora, Secretary of State, Ministry of Commerce (MoC)  
Date: Wednesday 27 August 2014  
Time: 15h00 – 17h00  
Organizer: Ministry of Commerce (MoC) and International Trade Centre (ITC)  
Venue: Bayon Room, MoC, Russian Federation Blvd, Toeuk Thla Village,  
Sangkat Toeuk Thla, Khan Sen Sok, Phnom Penh, Cambodia

### PARTICIPANTS

1. The Meeting gathered 32 participants from the MoC, the Department of International Cooperation (DICO) of the MoC, the Directorate General of Trade Promotion Department of the MoC, Directorate General of Domestic Trade of the MoC, the Ministry of Agriculture, Forestry and Fisheries, Ministry of Industry and Handicraft, Ministry of Labour and Vocational Training, Ministry of Culture and Fine Art, Ministry of Tourism (MoT), 5 members of the High Value Silk Project core team from 4 line ministries (MoC, MAFF, MoWA, MRD), ITC as the Main Implementing Entity (MIE) for the project through its Geneva Headquarters and Project Coordination Unit in Cambodia (PCU), representatives from the private sector including project beneficiaries.
2. Absent: Ministry of Rural Development (MRD), Ministry of Women Affairs (MoWA), Chair of the National Silk Board (to be appointed upon establishment of the Board).

*The list of participants is attached in Annex.*

### OBJECTIVES

3. According to its Terms of Reference, the second SCSC Meeting aimed to:
  - Update on and assess project progress and performance since the last Meeting of the SCSC in February 2014, based on the progress report prepared by ITC for the period February-July 2014;
  - Provide recommendations for the establishment of the National Silk Board and its Secretariat by mid-2014;
  - Provide recommendations for the sustainability of project results, synergies with other government or donor-led initiatives, dissemination of programme results.

*The Terms of Reference of the SCSC are attached in Annex.*

## OPENING REMARKS AND PRESENTATIONS

4. The SCSC Meeting was chaired by H.E. Mao Thora, Secretary of State, MoC, and facilitated by H.H. Pheanuroth Sisowath, ITC Senior Technical Advisor for the Silk Component Project of CEDEPI.
5. The Meeting was opened by H.E. Mao Thora and by Mr. Xuejun Jiang, Chief, Office for Asia and the Pacific, ITC, who explained the context in which the silk project is being implemented, including the Trade SWAp and CEDEPI. They particularly highlighted the importance of the support provided to the private sector and women through the project, which are critical to contribute to economic development and poverty reduction.
6. Mr. Chhieng Pich, Director of Department International Cooperation (DICO) and EIF Program Manager, provided an update on the Monitoring and Evaluation (M&E) Component of CEDEPI, focusing on the programme mid-term evaluation (MTE), including the recruitment of a MTE consultant team, a new project manager of EIF, an M&E consultant within DICO and related capacity building activities. He also explained that the CEDEPI result framework has been integrated to the revised Cambodia Trade Integration Study (CTIS) and Trade SWAp Roadmap 2013-2018. He also presented the CEDEPI I & II core team members from MoC and line ministries and their terms of reference.
7. H.H. Pheanuroth Sisowath presented a summary of the performance of the High Value Silk Component by project outcome since the last Meeting of the SCSC in February 2014, as well as the status of follow-up actions to the recommendations made by the SCSC during its previous meetings. He also presented the key milestones and activities to be completed, alongside CEDEPI programme document.
8. AFESIP Fair Fashion, a project beneficiary working and empowering victims of trafficking and sexual exploitation, made a presentation about the challenges faced by the company and how the project has changed and improved its performance and export capacities. Mr. Tep Rotha, Director, AFESIP Fair Fashion, explained how the project helped him improve the sustainability of his business, develop a strong brand identity, product catalogue and export plan. His company is now ready to participate in international fairs such “Maison et Objet” in Paris which he had never thought before, with proper products and marketing materials through project support.
9. Ms. Seng Takakneary, Managing Director, Sentosa Silk, another project beneficiary working primarily with women, explained how the project helped her company develop a structured export plan, brand identity, design new products according to the market demand, improve the company's showroom to attract more buyers and tourists, expand her network of weavers in the villages, increase access to raw materials, strengthen her marketing skills and production techniques. She also explained her experience of in the New York NOW international trade fair in August 2014 and the study tour, which improved her understanding of competitiveness requirements and opportunities to penetrate the US market. She also highlighted the need for further support in terms of market access and communication with buyers, especially to concretise a prospected order of USD 65,000.

*A copy of the meeting agenda and presentations is attached in Annex.*

## DISCUSSION

The outcomes of the discussion are summarized below:

10. The Committee acknowledged the good results achieved by the project, as well as beneficiary companies' satisfaction and positive feedback about project support.
11. Limited progress has however been made so far under project outcome 3. The National Silk Board (NSB) is expected to become the owner of an updated silk sector strategy, jointly formulated by public and private stakeholders, as part of outcome 3 of the project. The creation of the NSB is therefore a pre-requisite to the launch of these activities while the project is reaching its mid-term implementation stage. According to project implementation requirements, the NSB

should have been created and operationalized by mid-2014 since a minimum of 12 months is required to implement project outcome 3. The various options proposed in the project progress report were put forward for discussion by the Committee.

The MoC confirmed to the Committee that the establishment of the NSB is integral part of the Ministry's workplan for 2014, with the aim to create it as soon as possible. The creation has been delayed because of internal changes within the MoC. A new department, Private Sector Development Department, within the Directorate General of Domestic Trade, has been designated as the focal point within the MoC for the creation of the NSB.

A draft Royal Decree and a Sub-Decree were formulated by the silk project team, with the technical support of a legal consultant, and reviewed based on comments from the MoC. Copies of the first draft documents had been shared and explained during the 3<sup>rd</sup> SCSC Meeting. The revised versions were shared and explained during the 4<sup>th</sup> SCSC Meeting.

The Committee recommended and committed to create the NSB as soon as possible as it should regroup all relevant Line Ministries as well as the private sector, to jointly define policies, strategies and service support for the entire sector value chain, from sericulture to exports.

It was recommended that the process should continue as planned, that the Royal Decree and a Sub-Decree should be submitted to the Senior Minister of Commerce and then the Council of Ministers.

It was however acknowledged that there would not be enough time to implement the outcome 3 of the project within the project current timeframe. The Committee therefore recommended that the project duration for outcome 3 should be extended. The request to EIF Secretariat should be made by MoC/DICO.

It was noted that such an extension would require an increase of project coordination resources both for ITC and the MoC to manage project outcome 3 beyond September 2015 and additional funding sources would therefore be required. Project implementation would also be limited to only one outcome (outcome 3) after September 2015 while direct support to businesses and weavers would not be able to continue since financial resources for outcomes 1 and 2 will be exhausted as per project workplan.

## **CONCLUSIONS**

12. The Committee endorsed the project progress.
13. The Committee recommended that the project duration for outcome 3 should be extended, due to the delays in creation the NSB, with the understanding that additional funding sources would be required for coordination and that project implementation would be limited to only one outcome (outcome 3) beyond September 2015. The request to EIF Secretariat will be made by MoC/DICO.

## Annex III. ITC reporting on the implementation of the MTE recommendations

Note: Only the recommendations with MIEs and ITC as responsible entities are listed in the table below

MTE report recommendation	ITC reporting on action taken/progress made
<b>Relevance</b>	
<p>Continue maximizing consistency with existing and future laws, frameworks, regulations and policies. <i>Responsible entity: CEDEP I MIEs</i></p>	<p>ITC's trade-related technical assistance supports the priorities set out by the Royal Government of Cambodia in the country's National Strategic Development Plan and Trade Sector Wide (Trade SWAp) Roadmap 2013-2018. The CEDEP I High Value Silk Component Project is integral part of and is therefore fully consistent with the Trade SWAp Roadmap. It is implemented by ITC in collaboration with DICO in its capacity as Cambodia's Trade SWAp Secretariat and EIF National Implementation Unit under the MoC. ITC project team provides information for Trade SWAp reporting and participate in Trade SWAp-related meetings and events. The project and related activities are and will continue to be consistent with existing laws, frameworks, regulations and policies.</p>
<p>Consider introducing some pertinent activities related to export growth through diversification including development of products and services that have been identified as priority sectors (19 products) by the RGC. By doing this, project will increase opportunities to access funding from development partners which encourage coordination and synergy with the Trade SWAp and Aft. <i>Responsible entity: CEDEP I MIEs</i></p>	<p>The CEDEP I High Value Silk Component Project and all activities relate to export growth through diversification focusing on the high value silk products which are part of the products identified as part of the priority sectors by the RGC. The project also include a component to support sales of high value silk products to the tourism market, which is part of the services identified as part of the priority sectors by the RGC.</p>
<p>Take into account as much as possible the national and international context in the results achieved to reflect the trade costs (production and exports costs) and technical barriers to trade by including problems and challenges in terms of costs, tariffs and regional integration regulation harmonization. <i>Responsible entity: CEDEP I MIEs</i></p>	<p>ITC has been taking into account both the national and international contexts in project implementation and results achieved. At the national level, this has been done for instance by conducting a silk sector value chain analysis and baseline data collection as a basis to define and adapt project interventions. At the international level, import market surveys have been conducted and international buyers' requirements have been considered throughout project implementation. Production and export costs are constantly integrated into company coaching and training, as well as export promotion activities e.g. when preparing for participation in international trade fairs for instance. ITC also conducted a business survey of over 500 trading companies in Cambodia in 2012-2013 to assess non-tariff measures (NTM) faced by Cambodian exporters, and is conducting such surveys in other Asian and ASEAN countries, therefore taking into account regional integration issues for all its project implementation work.</p>

	The project provided advisory support to companies on procedures and practical process on the issuance of Certificates of Origin through company coaching, during workshops (dissemination workshop of Dec. 2014) and information uploaded on the project drop box system, which was identified as major issue for exporters in the NTM survey, and their product shipments incl. requirements for shipment of less than USD 6,000 to Europe.
Adjust the target indicators and KPIs in view with a high-end niche market focusing on quality and consistency as compared to large-scale market that Cambodia cannot supply. <i>Responsible entity: CEDEP / MIEs</i>	The High Value Silk Component Project has been implemented exactly in that spirit and the identification of target import markets done accordingly. Niche markets are being tackled in regions/countries. The CEDEP / High Value Silk Component Project has been focusing, since the beginning of implementation, on high-end niche markets in Europe, the US, Japan, Australia, focusing on quality and consistency as compared to large-scale markets that Cambodian silk producers and exporters cannot supply (e.g. high-end market in France, fair trade market in Germany). Buyers have been and will continue to be identified accordingly. The matching between companies and potential import markets and buyers has been adapted to each company's export capacities, both in terms of quality and volume. Project reporting on KPIs is done accordingly.
<b>Efficiency</b>	
It is crucial that the sub-decree on the National Silk Board roles and responsibilities is approved and implemented as soon as possible. Advocate for the implementation of the outcome 3 of the High Value Silk Component with the establishment of the National Silk Board as a prerequisite. <i>Responsible entity: RGC and ITC.</i>	The decrees are ready for approval by the MoC. The NSB creation, set-up and operationalization is an initiative led by the MoC. ITC has been and will continue supporting the MoC in this process as much as possible, within the limited resources available in the High Value Silk Component Project. See the list of actions implemented by ITC to support the MoC in the creation of the NSB in Chapter 3 of this report.
Update the logframe and implementation schedule in order to align with the new situation for the three components. <i>Responsible entity: MIEs, the Core Teams and the Private Sector.</i>	The project workplan/ implementation schedule has been updated already, to show delays in implementation of the High Value Silk Component Project/outcome 3 due to delays in the creation of the NSB. The logframe (outcomes, outputs, activities) remains valid and adequate.
Organize meetings with the Core teams and MIEs to inform the Core Teams' members of the change of mandate and activities due to the signature of an amended MoU and define an action plan to be undertaken by both MIEs and Core Teams together. <i>Responsible entity: CEDEP / MIEs and Core Teams.</i>	Depends on signature of an amended MoU, to be coordinated by DICO/NIU.
Reinforce the coordination by setting up regular meetings between MIEs in order to discuss progress achieved and issues that could arise during the project implementation. <i>Responsible entity: CEDEP / MIEs</i>	ITC and IFC have maintained regular consultations and information sharing since the project start. In addition, IFC participated in the first SCSC meeting of the High Value Silk Component. Participation by each agency in each component's SCSC should be encouraged.

<p>Optimize the funding use under the Milled Rice and High Value Silk Components so as to achieve full completion of the activities with the remaining funding until the due date (excluding the possibility of the time extension). This is in the context of the high disbursement rate (85%) for ITC as of July 2014 and the closing of the EU-SME project undertaken by IFC end 2014. <i>Responsible entity: IFC and ITC</i></p>	<p>As far as the High Value Silk Component Project is concerned, expenditures have been made according to the project workplan. Funds for implementation of outcome 3 have been kept aside to be able to start implementation as soon as the National Silk Board is created and operational. Financial resources for outcomes 1 and 2 as well as for project coordination will have been exhausted by 30 September 2015 as per project workplan. In the case of ITC, as indicated in the MTE report, a project extension would require an increase of project coordination resources both for ITC and the MoC to manage project outcome 3 beyond September 2015 and additional funding sources would therefore be required.</p>
<b>Effectiveness</b>	
<p>Reinforce capacity building activities to enhance skills of the rice and silk exporters so as to avoid delays in the implementation of technical activities such as certification or export administrative procedures. <i>Responsible entity: IFC and ITC.</i></p>	<p>A large part of the High Value Silk Component Project focuses exactly on capacity building activities to enhance skills of silk exporters, and this will continue up to project end in September 2015.</p>
<b>Potential Impact</b>	
<p>Continue negotiating for more favourable duty-free import regime for silk yarn imports since 99% are imported from Vietnam. <i>Responsible entity: RGC, ITC and Private Sector.</i></p>	<p>Follow-up and work in that regard has to manage by national authorities and can be supported by the NSB once created. ITC's role as a UN agency is not to negotiate. ITC has been provided support as much as possible, within its mandate, capacities and available resources. The project team contributed and provided inputs to the Federation of Associations for SMEs of Cambodia (FASMEC) Working Group Manufacturing and Small and Medium Enterprises which resulted in the announcement by the Ministry of Economy and Finance, in April 2014, of a VAT exemption for import of silk yarn until 2015.</p>
<p>Identify human development indicators and KPIs so as to measure the impact of the project on poverty reduction, job creation and country's economic vulnerability. <i>Responsible entity: MIEs</i></p>	<p>See Project impact stories in chapter 2 of this report for reporting on impact of the project on poverty reduction and job creation. See also project impact indicators – increase in incomes, new jobs created - page 30 of this report. An end-of-project impact survey is part of the High Value Silk Component workplan and will be conducted in 2015. Human development indicators will be integrated, as much as possible, into the survey.</p>
<p>Expand the number of beneficiaries (though it is already above the initial number planned in the project document (which was 8 to 12)) under the High Value Silk Component so as to impact the whole sector. <i>Responsible entity: ITC</i></p>	<ul style="list-style-type: none"> <li>• The number of project direct beneficiary companies is already above the initial number planned in the project document (which was 8 to 12).</li> <li>• As indicated in the MTE report, it is not possible to further expand the number of direct project beneficiary companies beyond 14, due to resource limitations. There would also be a</li> </ul>

	<p>risk of losing focus if the scope of interventions under this project would be broaden, given funding constraints.</p> <ul style="list-style-type: none"> <li>• The estimated 20,000 stakeholders in the sector work mainly for the local and domestic market. The project aims to target export markets, working therefore with a very representative group of exporters in the sector.</li> <li>• Total number of companies in the sector is estimated to be 46 based on data from previous silk projects, company directories, desk research, information from sector associations. All 46 companies were contacted at the project outset, of which 16 said they were not interested and 30 responded. Therefore, the proportion of project direct beneficiary companies represents 30% of all companies in the sector, and 47% of interested companies in the sector.</li> <li>• The 14 project direct beneficiary companies work with a network of +400 weavers throughout the country, project replications are therefore important.</li> <li>• Some actions have already been taken by ITC to reach a maximum number of companies and weavers in the country: <ul style="list-style-type: none"> <li>- Practical training and coaching on silk weaving and dyeing techniques in Phnom Penh and villages are being conducted for company designers, their intermediaries, master weavers and weavers working with them. The project intends to have spill over effects, weavers and intermediaries trained and coached through the project sharing information and know-how with others in their communities and groups.</li> <li>- The project works to increase linkages between companies with larger and new groups of weavers. As a result, 6 companies already added more than 8 weavers' groups to their existing networks of producers.</li> <li>- All 30 companies in the silk sector which responded to the survey conducted at the outset of the project are systematically invited to group trainings on market and product development and dissemination. All information collected and reports produced under the project have been disseminated to a maximum number of these companies, and a drop box system is being developed to facilitate access to all documents/surveys produced under the project.</li> </ul> </li> </ul>
<p>Expand the scope of activities under the High Value Silk Component to tackle issues such as access to credit and supply capacity. <i>Responsible entity: ITC.</i></p>	<p>The scope of the project was defined in and follows the programme document. It is very difficult to expand the scope of activities without funding increase at this stage of project implementation (9 months before project closing). There would also be a risk of losing focus if the scope of interventions under this project would be broaden, given funding constraints. Whenever possible, within the project resources</p>

	constraints, ITC has included specific activities which were not planned in the project document but are relevant to project beneficiaries e.g. a session for companies (addressed all 30 companies) on access to micro credit was organized in October 2013.
Ensure a smooth transition from informal to formal status in the silk sector so as to enhance the silk value chain and further protect the silk workers and businesses. Responsible entity: RGC with the support of ITC.	While ITC cannot ensure and take the responsibility of such a transition which depends on many factors external to the project and ITC mandate, all efforts will continue to be made to encourage, advise and facilitate companies' move from informal to formal. The project has taken into account the informal nature of the sector. The project has been encouraging companies to register and enter the formal sector, individual advice and advisory support provided in that regard. A special session was organized in partnership with the MoC and MIH in that regard for companies (addressed all 30 companies) during the dissemination workshop held in December 2014. Information for company registration is available in the project drop box system which is available to all companies. Specific activities have been conducted to support companies find new sources of supply for quality silk yarn such as a survey, a study tour, supplier visit to Cambodia etc.
<b>Sustainability</b>	
Support the establishment of the National Silk Board and, if possible, before the end of the year 2014 so as to avoid too many delays in the implementation of the outcome 3 of the High Value Silk Component. <i>Responsible entity: the RGC and ITC.</i>	ITC has been and will continue supporting the MoC in this process as much as possible, within the limited resources available in the High Value Silk Component Project. See the list of actions implemented by ITC to support the MoC in the creation of the NSB in Chapter 3 of this report.
Ensure sustainability by starting planning for funding and follow-up projects in rice and silk sectors taking into account the closing EU/RSSP end 2014 and the TDSP in 2016 and the implementation schedule of the CTIS 2014-2018 and trade SWAp Roadmap. <i>Responsible entity: MIEs.</i>	ITC has already been planning for and exploring ways to provide continued support to companies, weavers and the sector beyond the project end. This includes for instance: <ul style="list-style-type: none"> <li>• Support to Cambodian companies and weavers to develop their skills and access to the niche ethical fashion market, as part of ITC global Ethical Fashion Programme.</li> <li>• Support to Cambodian women silk exporters, designers and weavers to develop their products and sales internationally as part of the ITC global Women and Trade Programme.</li> <li>• The project is also in the process of exploring the possibility to partner with the Cambodia Women Entrepreneurs Association (CWEA), to encourage and support the growth of women-owned silk businesses in Cambodia, to potentially get further support, ensure results are sustainable and some type of support can last for the benefit of women entrepreneurs, especially after the project end.</li> </ul>

**Conclusion**

The MTE recommends a time extension for a period of one (1) year for each component in order to complete the expected results subject to satisfactory performance and availability of funds. As regard funding extension, each component will have to be assessed at the time of the request and the results achieved since the MTE.

In the case of ITC, as indicated in the MTE report, a project extension would require an increase of project coordination resources both for ITC and the MoC to manage project outcome 3 beyond September 2015 and additional funding sources would therefore be required. It should particularly highlighted that, should the project duration be extended, there would therefore be a need for additional management/coordination budget. Project implementation would be limited to only one outcome (outcome 3) after September 2015 while direct support to businesses and weavers would not be able to continue since financial resources for outcomes 1 and 2 would have been exhausted. Additional funding sources for company and weaver support would therefore be required.