

Cambodia's Trade Sector Story Trade Sector-Wide Wide Approach The "AFT Integrating Framework"

Sven CALLEBAUT, Adviser,
Ministry of Commerce, Royal Government of Cambodia

SESSION CONTENTS



- 1. Mainstreaming Trade
- 2. Cambodia Trade SWAp
- 3. Lessons learnt & new challenges





SECTION I

MAINSTREAMING TRADE











1991: Paris Peace Agreements

1992-93: UNTAC mission to Cambodia

1993: First General Elections

1996: Access to EU and US markets

1998: End of Civil Conflicts

1999: Became a member of ASEAN

2000: Selected as IF Pilot Country, 1st DTIS

2004: WTO accession (1st LDC with Nepal)

2007: 2nd DTIS, SWAp launched

2013: TF Extended, 3rd DTIS, 4th NSDP

2015: ASEAN Economic Community (AEC)



Trade mainstreaming



... is the process of

"integrating trade into national and sectoral development planning, policymaking, implementation and review in a coherent and strategic manner"

it means...

"taking trade related issues into account when planning and executing broader development objectives"

it implies...

"using trade proactively to attain national development goals"





How?



I. Policy level

Set strategic goals; define action plans; understand how trade contributes to development; ensure trade is taken into account in setting national priorities

II. Institutional level

Build the leadership of the trade lead agency; dynamically engage stakeholders; develop management capacity; strengthen the institutional set-up

III. International cooperation level

Ensure that trade-related aid focuses on priorities that deliver the strongest impact on development; donors to integrate trade into their programming

IV. Private Sector Participation level

Engage private sector in policy formulation, project design and monitoring, set bridges with public-private dialogue mechanisms







Section III

CAMBODIA TRADE SECTOR DEVELOPMENT VISION (TRADE SWAP)





WHAT IS A SWAP?



'All significant funding for the sector supports a single sector policy and expenditure programme, under government leadership, adopting common approaches across the sector, and progressing towards Government procedures to disburse and account for all funds.' (Foster, 2009)





WHY A TRADE SWAP IN CAMBODIA?



Excessive overall aid fragmentation

Cambodia: 759 projects in 2007, 80% disburse 20% of aid

TRTA in Cambodia rose to \$33mln in 2010 following WTO accession

in 2004 this was \$10mln

Cambodia pilot country for number of initiatives

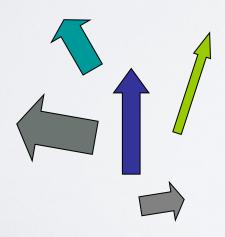
results could be better - concrete follow-up

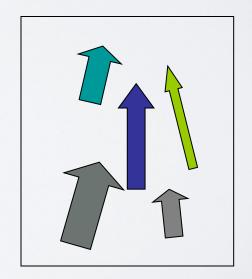




Project Approach
A set of
unrelated
projects

Program Approach
A set of interventions
aimed towards a
shared program goal







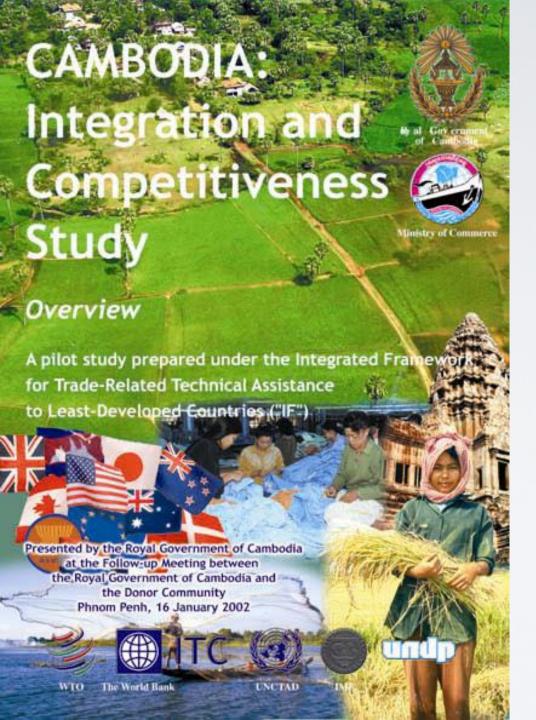
TRADE SWAP:

Shared Government-DPs vision for Cambodia's trade sector development in support of Vision 2030, NSDP and Rectangular Strategy

Trade Trust Fund (MDTF)

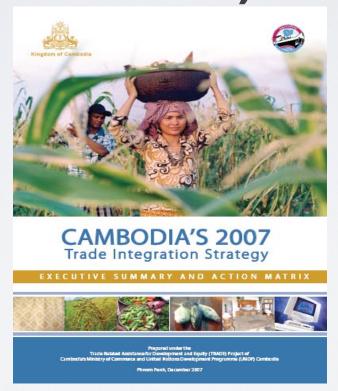
Trust Fund for government agencies to contribute # SWAp goals

SWAp and MDTF are government-owned and executed, not « donor projects »



Cambodia carried out a country diagnostic trade integration study (DTIS) in 2001

CAMBODIA'S 2007 TRADE INTEGRATION STRATEGY (DTIS 2007)



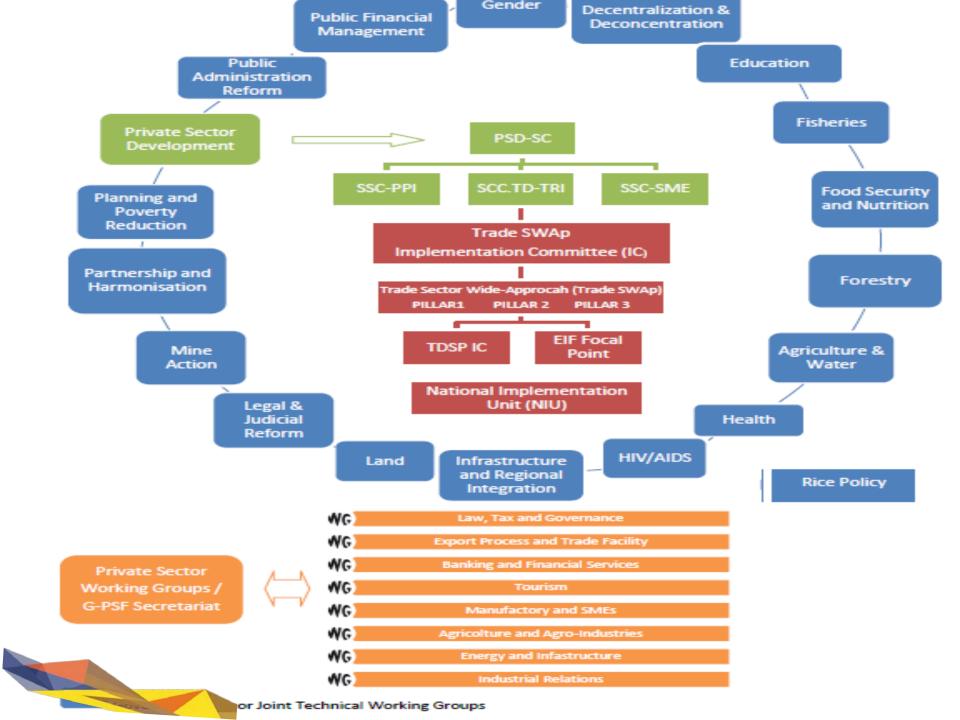




DTIS Update 2013: LEVERAGING TRADE FOR REGIONAL INTEGRATION AND SKILLS DEVELOPMENT









Government – DP – Business Consultations Mechanisms



Consultation with the PS

Strategy and Policy
Consultation with Devt Partners and G-PSF

Steering Committee On Private Sector

Development (Chair: Deputy Prime Minister)

Government Private Sector Forum

Chair: HE Hun Sen
Coordination: HE Keat Chhon
Secretary General: HE Sok Chenda

Sub-steering
Committee on
Investment
Climate and PPI

(CDC SG)

Sub-steering Committee on Trade Development and Related Investment

(Senior Minister

Sub-steering Committee on SME

(Minister)

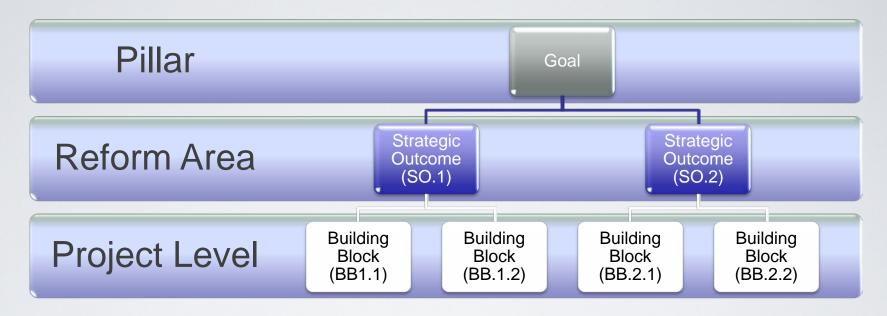
Established by decrees, these mechanisms are institutionalized et demonstrate the Commitment of the Royal Government of Cambodia to the PS



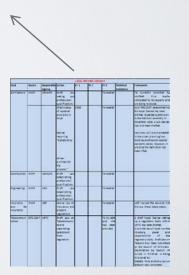
Roadmap: What is it for ESCAP

- It is a mid-term (5 years) strategic framework to guide, coordinate, manage, monitor implementation of reforms described in the Trade Integration Strategy
- It helps RGC to keep focus, hold rudder and improve ownership
 - It helps DPs to coordinate, align and harmonize
 - It helps RGC and DPs to **gauge importance** of specific project actions (how to use AfT resources), in view of their contribution to achieving strategic goals
 - It helps orientation: zoom in and zoom out, from micro to macro, and vice versa

Roadmap: what is it?



- Goal: each Pillar has ONE Goal
- **Reform Areas**: for each Pillar there are several reform areas, with specific Strategic Outcomes and Indicators (i.e. SPS, legal reform, trade related investment, etc.) corresponding to major reforms identified in the Trade Integration Strategy
- **Project Level**: for each Strategic Outcome there are several Building Blocks, each with a detailed Action Plan





Cambodia Trade Integration Strategy (CTIS 2014-2018, NSDP 2014-2018)



Trade SWAp

P1: Reforms and Cross-Cutting issues

Trade Facilitation, SPS, TBT, IPR, Investment promotion, legal reform...

P2: Product and Service

Sector Projects

Value Chain Analysis, Sectoral Strategies P3: Capacity Development

Expertise, negotiation, research, management...





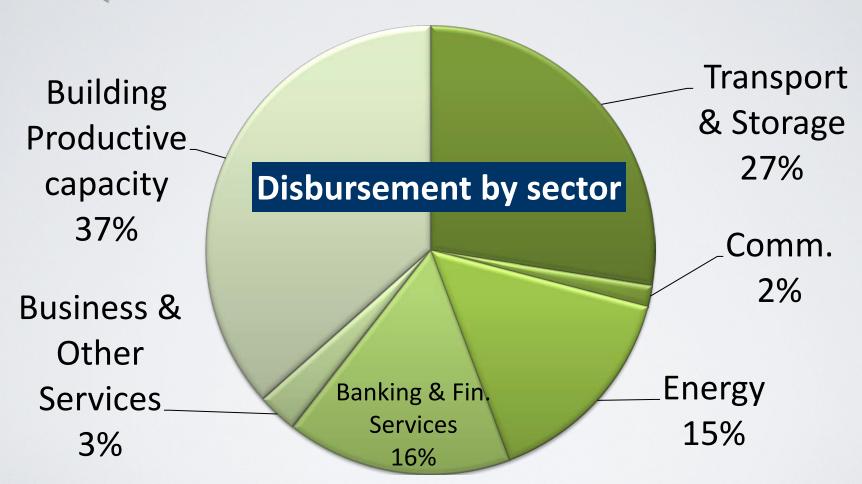


Road Maps / 5 Years Rolling Plan



Cambodia: AFT analysis ESCAI

(percentage, 2012, source: OECD CRS)

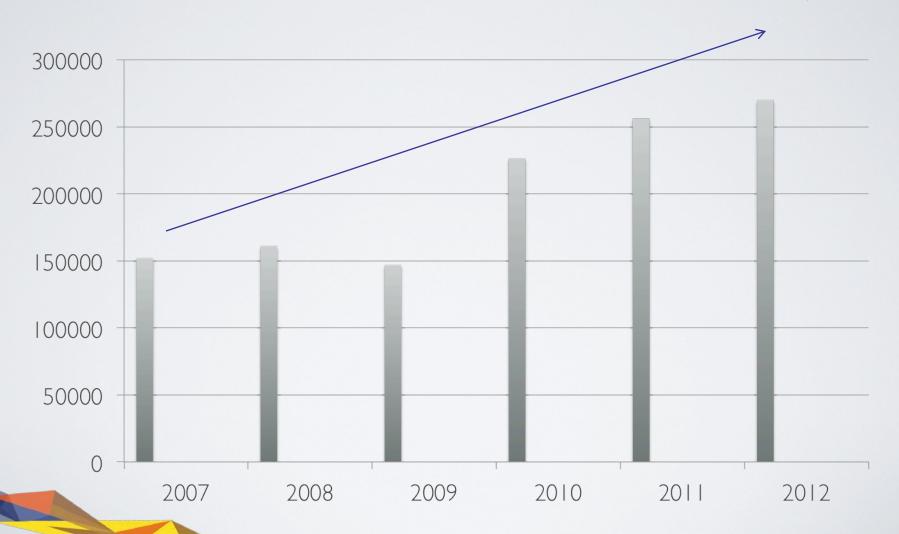




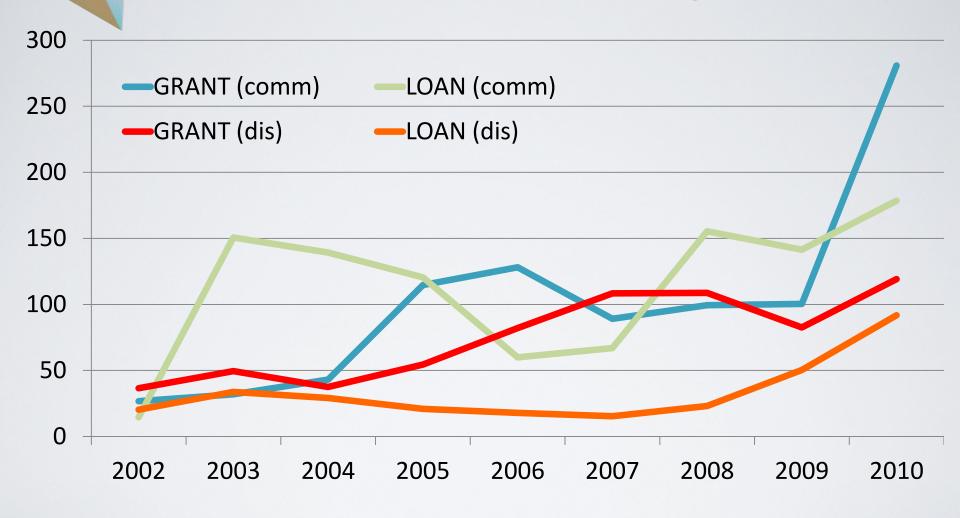
Recent AFT Trends



+69% over 5 years



Cambodia: AFT analysis







Trust Fund Data

- ✓ Funds provided by DP: USD25 million
- ✓ Projects proposals received: 106
- ✓ Nr of agencies submitting: 28 (inc. 9 from MoC)
- ✓ Projects appraised by NIU: 96
- ✓ Projects approved by SSC: 26 (24%!)
- √ Value of approved projects: 18.4 million





Section V

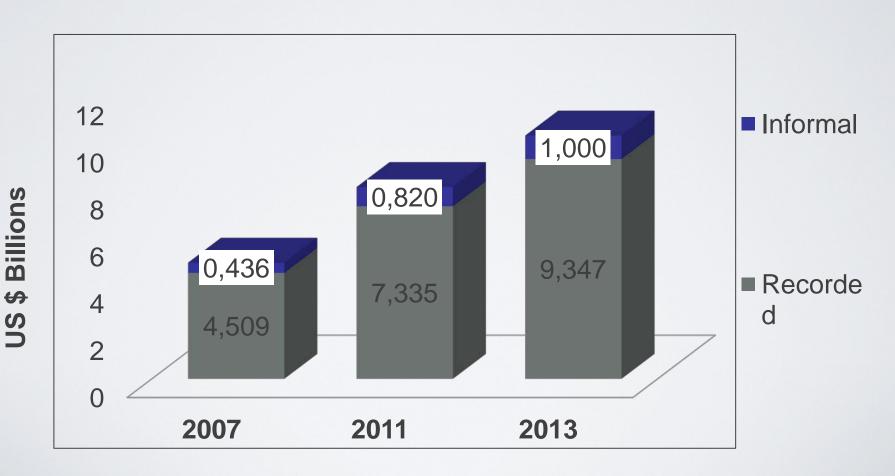
RESULTS AND LESSONS LEARNT





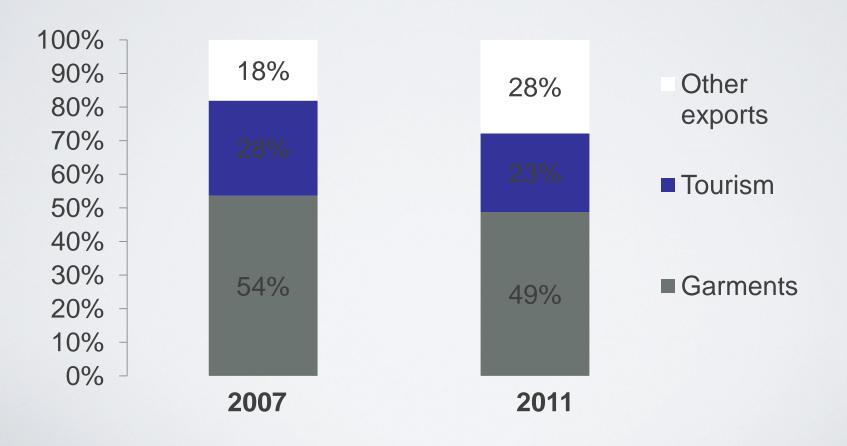
CAMBODIAN EXPORTS ARE ESCAPION GROWING RAPIDLY

Cambodian Exports of Goods and Services Recorded and Informal, 2007-2013



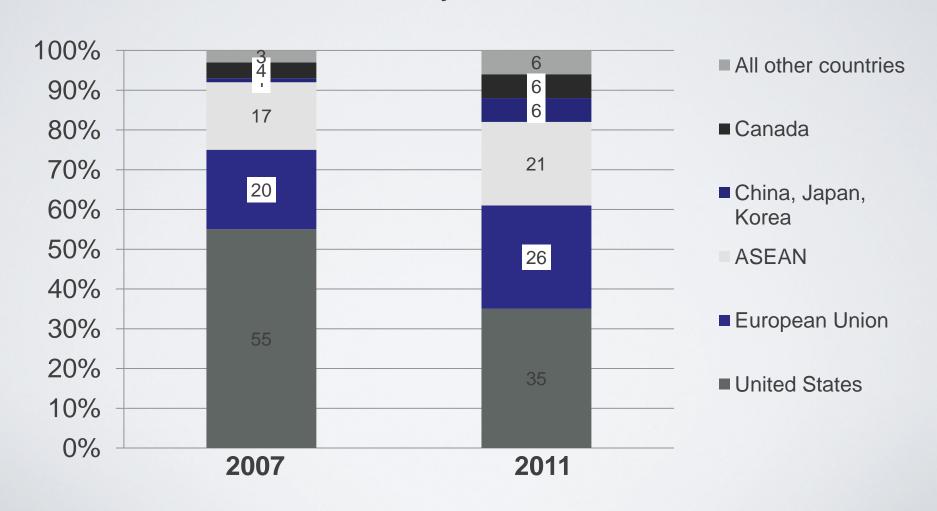
Other" exports including footwear, bicy page 1995 (2) lectronics, natural rubber, milled rice, etc. are growing significantly

Changing Goods and Services Export Mix, % share of total recorded and informal exports, 2007-2011



THE DESTINATION OF CAMBODIANESCAL EXPORTS IS CHANGING

Destination of Recorded and Informal Goods Exports, % share of total by countries, 2007-2011





LESSONS LEARNT ON SWAp



- 1. A SWAp is a framework, a vision, not a disbursment mechanism
- 2. Getting the finance right first: recipe for disaster!
- 3. Trade development goes well beyond trade ministry: involves business and line ministries
- 4. Most Aid-for-Trade will happen outside SWAp
- 5. The EIF for LDCs provides tools for better coordination, resource mobilization and aid effectiveness
- 6. Cambodia's experience is unique and might not be replicable in other countries.

THE WAY FORWARD





1. Regional Integration into ASEAN (AEC)

- Changing trade patterns (regional value chains)
- Catching up with « older » members
- Adapting to new GSP rules (EU, Canada)
- Bridging skill gaps, poverty gaps

2. New Aid-for-Trade patterns

- Moving from grants to loans, SWAp 2nd Generation
- Trilateral Cooperation, Regional AFT projects
- Competition from Laos and Myanmar
- Non traditional donors interest



LESSSONS LEARNT



1. KNOW WHERE YOU GO:

Have a vision, have a strategy, own it, share it

2. MAINSTREAM TRADE:

Trade leads to poverty reduction, show it!

3. ENGAGE:

Line ministries, academics, development partners

4. THINK EFFECTIVENESS:

Align government planning and aid cycle, simplify

5. BUILD CAPACITIES:

Analysis, fiduciary, M&E, communications





For more information on Cambodia's Experience

OECD Website:

http://www.oecd.org/countries/cambodia/

WTO website:

http://www.wto.org/english/thewto_e/countries_e/cambodia_ e.htm

Cambodia Trade SWAp Website

www.moc.gov.kh/tradeswap

MOC Facebook Page www.facebook.com/moc.gov.kh





Thank you for your attention