This action is funded by the European Union

ANNEX 3

of the Commission Implementing Decision on the Annual Action Programme 2017 Part II and 2018 Part I in favour of the Asia region to be financed from the general budget of the Union

Action Document for the ASEAN Regional Integration Support – Cambodia Trade-Related Assistance (ARISE Plus Cambodia)

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>ASEAN Regional Integration Support – Cambodia Trade-Related Assistance (ARISE Plus Cambodia) CRIS number: ACA/2017/039-884 financed under Development Cooperation Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Zone benefiting from the action/location</td>
<td>Cambodia The action will be carried out at the following location: mainly Phnom Penh, Cambodia, with some activities taking place in other parts of Cambodia</td>
</tr>
<tr>
<td>3. Programming document</td>
<td>Multiannual Regional Indicative Programme for Asia for the period 2014-2020</td>
</tr>
<tr>
<td>4. Sector of concentration/thematic area</td>
<td>Focal sector 1 (ASEAN): Connectivity through Sustainable and Inclusive Economic Integration and Trade	DEV. Aid: YES</td>
</tr>
<tr>
<td>5. Amounts concerned</td>
<td>Total estimated cost: EUR 9 500 000 Total amount of EU budget contribution: EUR 7 500 000 This action is co-financed in joint co-financing by - Germany (BMZ) for an amount of EUR 2 000 000 (tbc)</td>
</tr>
<tr>
<td>6. Aid modality(ies) and implementation modality(ies)</td>
<td>Project Modality Indirect management with GIZ (Delegation Agreement) Direct management – procurement of services</td>
</tr>
<tr>
<td>7 a) DAC code(s)</td>
<td>33110 Trade policy and administrative management 33120 Trade Facilitation 33130 Regional Trade Agreement 32130 SME Development 33181 Trade education/training 16062 Statistics</td>
</tr>
<tr>
<td>b) Main Delivery Channel</td>
<td>1000 Public Sector Institutions</td>
</tr>
<tr>
<td>8. Markers (from CRIS DAC form)</td>
<td>General policy objective</td>
</tr>
<tr>
<td>Participation development/good governance</td>
<td>☐</td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☑</td>
</tr>
<tr>
<td>Gender equality (including Women in Development)</td>
<td>☐</td>
</tr>
</tbody>
</table>
Further trade integration and improvements in trade competitiveness will be critical for Cambodia to address pending challenges in poverty reduction and inclusiveness. In spite of the significant progress in reforms over the last decade, trade facilitation and logistics standards remain below the regional average. Legal and regulatory reforms related to World Trade Organisation (WTO) compliance and ASEAN Economic Community (AEC) commitments have only been partially completed. As a result, Cambodia's private sector, in particular Small and Medium-Sized Enterprises (SMEs), face significant challenges in being competitive and integrating in regional and global value chains.

ARISE Plus Cambodia aims to support greater connectivity and economic integration between Cambodia and the rest of the Association of Southeast Asian Nations (ASEAN) through implementing the ASEAN Economic Community (AEC) Blueprint 2025 and strengthening institutional capacity. It is the national Cambodia component of the ARISE Plus Cambodia Regional Programme and will consolidate and enhance the results already achieved with past and on-going EU trade related technical assistance (TRTA) programmes.

The **overall objective** of the Action is to support greater connectivity and economic integration between Cambodia and the rest of ASEAN.

The **specific objectives** of ARISE Plus Cambodia are:

1. To improve customs, trade facilitation and standards with a view to a better integration of Cambodia into the AEC and to accelerate the Cambodian Government’s implementation of the WTO Trade Facilitation Agreement (TFA).

2. To strengthen institutional capacities and improve regulatory practices with a view to achieving a more transparent, predictable, inclusive and competitive business environment.

3. To enhance private sector engagement, notably SMEs, and better preparedness for the AEC’s seamless, single economic space.

### 1. **CONTEXT**

#### 1.1 **Country context**

Since its WTO accession, Cambodia has shown its commitment to undertake major economic reforms and secure growth as an engine for pro-poor development. The country is highly integrated into the global economy and is the third most open economy in ASEAN, with trade
reaching 142% of GDP in 2015. Growth has been sustained at high rates above developing country averages (around 7% in 2016), over the last decade, leading to Cambodia’s graduation to lower middle-income country\(^1\) status in 2016. The levels of poverty have more than halved in the last decade, (from 47.8% in 2007 to 18.9% in 2012\(^2\)). The level of inequality has also been moving in a positive direction, with the GINI coefficient dropping from 41.1 points in 2007 to 30.8 points in 2012. Cambodia also ranks among the best in the world (5th) in terms of achieving the Millennium Development Goals.

Cambodia has performed well in attracting foreign direct investment (FDI) compared to other countries in the region, due to the relocation of low-cost manufacturing (accelerated by increasing labour costs in China, Vietnam and Thailand), and a low tax regime with additional tax incentives. Besides the preferential access to the EU (which as a Least Developed Country (LDC) Cambodia benefits from)\(^3\) and other markets, Cambodia's central location in ASEAN has made it an attractive FDI destination with significant opportunities to integrate regional and global value chains.

The Cambodian investment framework is relatively weak in the provision of necessary guarantees and dispute settlement provisions for investors and FDI. The Cambodian government is aware of this and is currently engaged in the revision of the country's investment laws. Further efforts are necessary to ensure a robust investment framework in compliance with the ASEAN Comprehensive Investment Agreement, ratified by Cambodia.

However, given the narrow production and export base (garment exports account for 77% of total exports) and concentrated export markets (EU and US), Cambodia's growth is vulnerable and expected to become gradually constrained over the longer term. Around 80% of Cambodia’s exports are sold to just 8 partner countries, and textiles, clothing and footwear exports to Europe and the USA (markets that import 70% of total Cambodian exports of goods) are reliant on preferential treatment.

Cambodia has not yet fully reaped the benefits of regional integration, bearing in mind the country’s meagre volume of intra-ASEAN trade compared to other countries in the region. Only around one fifth of Cambodia’s exports are sold to ASEAN Member States (AMS). The use of tariff preferences among Cambodian businesses is low and only relatively few Cambodian companies apply for preferential certificates of origin under ASEAN related Free Trade Agreements (FTAs). A majority of businesses cite a lack of information as the main reason for not using FTAs.

Cambodian exports to ASEAN are predominantly machinery and agro-products, with minor exports of apparel (under 20% of total exports to ASEAN). Owing to its dependence on such products for the ASEAN markets, priorities for further integration lie in respecting Sanitary and Phyto-Sanitary (SPS) measures, complying with agricultural and food standards and adhering to preferential origin rules.

---

\(^1\) World Bank Group (WBG) classification of countries by income groups based on Gross National Income (GNI) per capita. The WBG reported in July 2016, that Cambodia’s GNI per capita for 2015 ($1,070) was above the threshold of $1,025 for low-income countries.

\(^2\) Poverty rates based on consumption data according to the Cambodia Socioeconomic Survey (CSES). Similar trends are shown by statistic based on income data. In 2011, 10% of the population lived on less than $1.25 per day, down from 31% in 2007 (World Bank data expressed in 2005 PPP).

\(^3\) The EU's Generalised Scheme of Preferences (GSP), namely the Everything But Arms (EBA) scheme.
However, in the last few years there has been clear progress as a result of the Cambodian Government's efforts to accelerate economic diversification. The share of exports to the Greater Mekong Sub-region (GMS), ASEAN and larger Asian region has increased rapidly (in particular, to China, Japan, Thailand, and Vietnam) driven by the development of new industries integrated into regional manufacturing value chains, such as automotive parts and a bicycle industry, as well as an increase in exports of pre-processed agriculture commodities to the region (e.g., milled rice). On the other hand, Cambodia remains dependent on large import volumes of agricultural inputs (pesticides, fertilizer) agricultural products (e.g., vegetables, fruits and meat) and processed food. Due to the lack of effective controls on products at the border, sub-standard products enter Cambodia, providing a health risk and causing unfair competition, as well as a loss of competitiveness when low-quality inputs are used.

Despite formidable achievements made in reforms, major bottlenecks to the business and trade-enabling environment remain. These include high logistic and infrastructure costs, unpredictable application of regulations, weak enforcement of law and governance issues surrounding the independence of the legal system and high levels of corruption. Due to these concerns, Cambodia fares poorly in the World Bank Group’s (WBG) latest “Doing Business Report”, which ranked Cambodia 131st out of 190 countries surveyed.

SMEs are particularly affected by the lack of transparency and enforcement in the regulatory regime, and struggle with increasingly complex regulations and standards (including export processes, technical measures, and registration). These distortions largely explain Cambodian SMEs' very limited participation in regional market integration. The majority of Cambodian SMEs remain informal and their contribution to export sectors is particularly small in comparison with other countries with the same GDP.

Over the last few years, there has been some progress in addressing some of the trade competitiveness and business climate issues in Cambodia. The reform of export-import processes, including increased use of IT and a move towards paperless export procedures and company registration, the establishment of an Anti-Corruption Unit and the National Arbitration Centre for Commercial Disputes as well as the implementation of an e-based customs management system are good examples of the Government's commitment.

Cambodia's eventual graduation from LDC status (not expected before 2025), the increased competition from neighbouring countries, the gradual conclusion of FTAs between the EU and some ASEAN countries, and the reinstatement of GSP/EBA benefits to Myanmar, are expected to further erode Cambodia's competitiveness.

---

4 According to Transparency International’s (TI) Corruption Perceptions Index (CPI), despite various reforms, the perception of corruption in Cambodia’s Public Sector in 2016 remains quite the same as in 2015. The CPI ranks Cambodia as the most corrupt country in Southeast Asia and 156th out of 176 countries in 2016 compared to 150th out of 168 countries in 2015.


6 UN Economic and Social Council (ECOSOC) classification.
1.2 Public Policy Assessment and EU Policy Framework

Cambodia has embraced several strategic documents that underpin its trade development agenda. The emphasis is on structural changes towards higher value and more competitive industrial and agriculture export sectors, in line with deeper regional and global integration.

Both the Rectangular Strategy III (RS III), the country's overarching socio-economic policy agenda, and the National Strategic Development Plan 2014-2018 (NSDP), the country's development policy framework, recognise the centrality of trade integration and competitiveness in order to address pending challenges in poverty reduction and inclusiveness. The mid-term review of the NSDP recommends that the NSDP 2019-2023 continue the efforts to streamline the business enabling environment and promote trade facilitation, build the environment for competitiveness and strengthen M&E systems.

Cambodia’s Industrial Development Policy 2015-2025 (IDP) was adopted in 2015 as a guide to promote the country's industrial development, ensuring sustainable and inclusive high economic growth. Like the RS III, the IDP is driven by the Government’s long-term vision to transform and modernise Cambodia’s industrial structure from a labour-intensive industry to a skill-driven industry by 2025. This is envisioned through integration into regional production networks and the development of interconnected production clusters. Particular attention is given to SME development and agro-processing industries.

Cambodia’s Trade Integration Strategy 2014-2018 (CTIS) is the country’s third generation trade integration strategy. It was developed within the Trade Sector Wide Approach (Trade SWAp), a mechanism established in 2008 under the leadership of the Ministry of Commerce (MoC) for the coordination and management of Aid for Trade and the monitoring of progress in achieving Cambodia's trade objectives. The CTIS focuses on improving trade competitiveness and fostering export base diversification through a set of strategies and institutional reforms to address specific challenges of the business environment with an emphasis on value chains, and focusing on strengthening Government capacity for trade policy to respond better to private sector needs. The CTIS gives special attention to exports of agriculture commodities (including fisheries) and agro-processing industries as a means of diversifying the export base, increasing domestic value addition and increased employment opportunities in rural areas.

The Medium Term Plan 2016-2020 of the Trade SWAp (MTP) was launched in 2015 by the MoC, with the objective of identifying and prioritising areas where future technical assistance is necessary to accelerate the implementation of the CTIS. Major gaps identified include the completion of legal reforms related to WTO and ASEAN obligations, further development of trade facilitation in conformity with ASEAN and WTO commitments, and the enhancement of Cambodian private sector capacity for policy dialogue and standards’ compliance.

In February 2016, Cambodia ratified the WTO TFA, becoming the 8th LDC and the 69th WTO member to do so. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues, as well as provisions for technical assistance and capacity building.

In line with the European Development Cooperation Strategy for Cambodia 2014-2018
(European joint programme), ARISE Plus Cambodia contributes to the implementation of the Regional Multiannual Indicative Programme (MIP) Asia 2014-2020 which serves as the main framework for EU regional cooperation in Asia. The MIP Asia 2014-2020 includes support to ASEAN regional economic integration and the main initiative under this specific objective is the regional ARISE Plus programme complemented by ARISE Plus Cambodia as the national component for Cambodia. The ARISE Plus Cambodia conforms with EU Aid for Trade (AfT) policy and new development consensus by embracing inclusiveness and sustainability (rural production linkage, responsible supply chain management, human and labour rights, environment, etc), strengthening the host country institutions, as well as coordinated AfT operations through the government Trade SWAp and EU joint programming.

The regional ARISE Plus programme is closely aligned with the new 5 pillars of the AEC Blueprint 2025. ARISE Plus Cambodia follows this common regional approach and focuses on several of the selected elements of this Blueprint to assist Cambodia to transpose and implement the commitments at national level.

In May 2015, the EU High Representative and the Commission adopted a Joint Communication entitled "the EU and ASEAN: a partnership with a strategic purpose". The Joint Communication underlines in particular the need for continued support for the countries of the Lower Mekong (Cambodia, the Lao PDR, Myanmar and Vietnam) in their efforts to reduce the intra-ASEAN development gap and to connect with each other. EU development cooperation fits well with the scope of ASEAN's Initiative for Integration (IAI), which places strong emphasis on bringing Lower Mekong countries closer to the development levels of wealthier ASEAN Member States. In its Conclusion of 22 June 2016, the Council welcomed the Joint Communication and stressed the importance of EU-ASEAN cooperation on connectivity, which is at the heart of this special region-to-region relationship. The Council also underlined the importance of promoting closer trade and investment links with ASEAN.

1.3 Stakeholder analysis

This Action Document reflects the content of consultations carried out with a wide range of stakeholders:

**The Public Sector:** primary direct beneficiaries include the MOC, the Ministry of Economy and Finance (MEF), the Ministry of Public Works & Transport (MPWT), Ministry of Industry and Handicrafts (MIH), Ministry of Agriculture, Forestry and Fisheries (MAFF), Cambodia Development Cooperation (CDC) and in particular the Department of International Cooperation (DICO), the Department of Agricultural Legislation and the General Directorate of Agriculture, under the MAFF, the Trade Training and Research Institute (TTRI) under the MOC, and the General Department of Customs and Excise (GDCE), under MEF.

**The Private Sector:** the AEC 2025 places a new emphasis on enhancing the contribution of SMEs to development and on developing private sector outreach. Despite effective, national-level mechanisms for consultation between the government and the private sector (i.e., the Private Sector-Government Forum chaired by the Prime Minister himself, and various sector working groups), private sector engagement in ASEAN processes is uneven, and there is a lack of awareness about the benefits and opportunities of regional economic integration. Beyond a small number of employers' federations and business associations in specific sectors that are well resourced, such as garments and rice, business associations in Cambodia
are generally weak, often non-representative and lack the capacity to take advantage of existing advocacy channels. The Cambodian Chamber of Commerce is the main association representing the private sector. Since this Chamber represents established business interests with high-level political connections, its role is vital in enhancing the Private Sector-Government policy dialogue. It received support under the Trade Development Support Programme (TDSP), the EU’s former TRTA programme to Cambodia. The European Chamber of Commerce in Cambodia (EuroCham) is currently supported by the EU under an ICI+ funded project and has very quickly become a respected partner in the Government-Private Sector policy dialogue. In addition, the involvement of agricultural producer associations, as well as processors of agricultural commodities will be crucial in the development of export value chains. Even though there are over 800 agricultural cooperatives officially registered under MAFF, they are largely not federated and dependent on external support, and have a very limited capacity to engage with enterprises or government at local or national levels. During the formulation of this action, a number of cooperatives had indicated a strong desire to address their weaknesses in standards and gaining certification to access wider markets.

**Civil Society Organisations** will be important project partners for advocacy and monitoring of outcomes of trade as a pro-poor approach and investment policy including representation of stakeholders and to improve data gathering, analysis and research on social and environmental impacts. Civil society organisation (research, associations or consultancies) consulted during the formulation, appeared keen to respond to calls for proposals in the areas defined under Section 4.2, particularly components 2 and 3).

### 1.4 Priority areas for support/problem analysis

A critical requirement to maintain progress is to **improve the capacity of the Government** in undertaking further reforms, continuing the work started under the TDSP for regulatory changes, and strengthening the line ministries’ understanding and implementation of Cambodia’s international commitments. Most public institutions in Cambodia suffer from a lack of financial and human resources, uneven vertical and horizontal coordination and a lack of sufficient motivation to perform tasks effectively. Given the country’s current level of development and institutional limitations, the complex and multi-layered regional integration processes of ASEAN increase the coordination challenges for Cambodia and carry the risk that regional cooperation becomes less effective.

The government administration faces various challenges in the areas of trade and commerce: to ensure compliance with laws and regulations, to moderate consultative processes, to provide access to information on regulations, and to settle trade disputes (even if the arbitration centre has shown some degree of success, recourse to safeguards and other instruments is beyond the current capacity of the government). There is also an absence of accurate investment and trade statistics, essential in ensuring transparent economic and fiscal management. Political will for change, staff empowerment and institutional retention, improved governance and transparency are also necessary to ensure that policy measures can be monitored and implemented. ARISE Plus Cambodia will include support across line ministries engaged in trade and investment-related issues to improve analytical capacity by building skills and providing assistance in technical areas as well as on the monitoring of progress and production of statistical data.
Despite improvements made, trade facilitation remains a major obstacle for realising the AEC. Further efforts are required to ensure full compliance with the obligations originating from both the ASEAN Trade Facilitation Work Programme and WTO commitments. There have been delays and unevenness in implementing key reforms such as integrating the National Single Window into the ASEAN Single Window (ASW) with Cambodia, alongside Laos and Myanmar lagging behind other AMS. Private sector feedback from several AMS underlines excessive and time-consuming documentation requirements, and irregular and arbitrary payments for expediting customs procedures.

Inefficiencies in trade logistics are also holding back Cambodia’s export potential. Garment and agricultural product exports are part of a supply chain that requires speed and reliability in quality. Especially perishable agricultural goods need good (cold chain) internal freight connections ensuring adequate (cold) storage and transport fulfilling certain standards. Cambodia’s logistics performance, while in line with neighbouring countries like Laos, still ranks below major competitors such as Vietnam whose costs and processing times are significantly lower. Increasing cross-border agricultural trade is essential to achieving key Millennium Development goals including food security, economic growth, improved farmer income, and the increased resilience of rural communities. Cross-border trade allows for the movement of food from surplus to deficit areas, reduces volatility in food prices, and supports poverty reduction. According to the World Bank\textsuperscript{7}, a 1 percent growth in GDP from agriculture increases spending by the three poorest deciles by at least 2.5 times as much, owing to additional incomes. Many studies have repeatedly found that weaknesses in trade facilitation, including slow customs processing, inefficient ports, and poor physical infrastructure, create costly obstacles to achieving agricultural development goals.

Border measures have become increasingly complex. Border agencies must comply with an expanding array of free trade agreements, often with conflicting terms.\textsuperscript{8} Variations in rules of origin, food safety standards (e.g. Hazard analysis and critical control points - HACCP), and sanitary and phytosanitary measures further strain the capacity of customs and other border agencies, which highlights the need for effective trade facilitation measures. Studies show that exporters in developing countries gain more from a 10 percent reduction in their trading costs than from a similar reduction in the tariffs applied to their products in global markets.\textsuperscript{9}

Trade facilitation measures, such as reasonable document requirements, streamlined customs procedures, efficient port operations, and adequate infrastructure, all contribute to lower costs and reduced delays for exporters and importers and are critical to realizing the benefits of open trade. With good trade facilitation, importers and exporters can reliably predict shipment and delivery times, keep shipping costs competitive, and respond quickly to consumer markets around the world. Expedited border processing is particularly important for the agricultural sector, where goods are often perishable, and for small and medium-sized businesses who have tighter margins and less capacity to withstand costly delays. Weaknesses in trade facilitation also correlate to higher levels of informal trade, increases in fraudulent products, and greater health risks.

\textsuperscript{7} World Bank, World Development Report 2008. 


Non-tariff measures (NTMs), including measures such as pre-shipment inspection, product certification and testing, rules of origin, and other technical measures, have become a major impediment to trade competitiveness as Cambodian companies, in particular SMEs, struggle to comply with the requirements. As mandated under the ASEAN NTM Work Program, and to conform to ASEAN requirements, a publicly accessible National Trade Repository (NTR) was launched in November 2015. The NTR has enhanced the transparency of trade regulations by providing a publically accessible website with many legislative texts, and procedures related to the import and export of goods. However, the overall long-term institutional sustainability of the NTR is a cause for concern. There is also a lack of awareness amongst potential users in the private sector, and links with complaint mechanisms (such as ASEAN ASSIST) are yet to be fully developed.

There are many challenges for Cambodia's private sector to take advantage of the regional trading opportunities. The capacity of the emerging Cambodian private sector to promote itself in export markets remains limited. Cambodian SMEs, in particular, remain poorly integrated into global and regional supply chains. Another challenge is the ability to meet international standards demanded by export markets. This is especially important as Cambodia seeks to diversify its exports towards developed countries that have high standards. Information and market requirements remain key constraints.

Prioritisation of actions has been aligned to the MTP, with a focus on meeting ASEAN connectivity objectives, supporting the regional ARISE Plus programme, building on the foundations of the TDSP, contributing to building capacity for implementing regional commitments, and strengthening the private sector’s participation in ASEAN. This prioritisation has led to three critical areas of support: (i) trade facilitation, standards and customs; (ii) strengthening the capacity of ministries involved in trade related policy implementation; and (iii) private sector participation.

3. RISKS AND ASSUMPTIONS

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional and policy changes after general election, due in 2018. While orientation of policy is not expected to change dramatically, it could cause significant delays in project implementation.</td>
<td>M</td>
<td>Dialogue with ministries during inception (2018) can re-align the project’s beneficiaries after any restructuring that may take place. The project will incorporate a high degree of flexibility to be adapted to a potentially changing institutional framework. Working not only with public institution, but also with private organisations will also mitigate this risk.</td>
</tr>
<tr>
<td>Low level of ownership and low absorption capacity of the institutions involved.</td>
<td>L</td>
<td>Generally, there is a strong ownership and demand for the TRA programme. Assistance in building up institutional structures and capacities will strengthen both ownership and also the capacity to absorb the technical assistance. Strengthening development partner coordination mechanisms and division of labour would also help to avoid conflicting messages, and improve the absorption capacity of institutions.</td>
</tr>
<tr>
<td>Lack of development partner coordination leads to replication and duplication and conflicting strategic direction.</td>
<td>H</td>
<td>Regular and structured development partner coordination meetings should be held with key donors such as USAID, UNIDO, IFC, World Bank, ADB and JICA and also involve relevant government departments. The project should work in close coordination with the Trade SWAP.</td>
</tr>
</tbody>
</table>
The EU as Enhanced Integrated Framework (EIF) Donor Facilitator can actively support coordination.

<table>
<thead>
<tr>
<th>Coordination problems between ARISE Plus regional and national envelopes</th>
<th>M</th>
<th>Information sharing (steering committee outcomes and reports) and joint-coordination of some activities between regional and national programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing competition and economic uncertainty in the face of a global slowdown could trigger protectionist tendencies in some AMS and slow the momentum of ASEAN integration efforts.</td>
<td>H</td>
<td>Regular political dialogue with high level ASEAN sectoral bodies and the various national governments, as well as intensive dialogue in the course of the programme implementation (through EU Delegation to ASEAN).</td>
</tr>
<tr>
<td>Undue delays in enacting the draft E-commerce law, investment law, food safety law, and other critical trade related legislative risks creating a legal and procedural vacuum.</td>
<td>M</td>
<td>The enactment of laws is a slow process: some have been pending for a few years and the situation is currently under review by the Council of Ministers. While it is unlikely that laws will remain in suspense indefinitely, they may still be pending at the start of the programme. ARISE Plus would support their adoption.</td>
</tr>
</tbody>
</table>

**Assumptions**

1. The macroeconomic situation remains stable in the medium term. While the international economy may be faced with a downturn, the risks associated for the programme’s objectives are limited.
2. There is a continuous commitment of the Cambodian government to strengthen institutional capacity and further economic integration within ASEAN.
3. The government remains committed to fully implement the WTO TFA.

### 3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The EU has accumulated significant experience with regard to TRTA in Cambodia, mainly through two Multi-Donor Trust Funds, the Trade Development Support Programme (TDSP)\(^{10}\) and the Development of Agro-SMEs (Agro-SME)\(^{11}\), managed by the WBG. The findings of the most recent Result Oriented Monitoring reviews of the TDSP and the Final Evaluation of the Agro SME provide valuable lessons for future cooperation, namely:

**Relevance:** TDSP has been highly relevant to the needs and priorities of Cambodia to address the challenges to Cambodia's trade competitiveness and regional integration, in order to sustain economic growth and poverty reduction in Cambodia. Agro SME Trust Fund confirmed the relevance of supporting the development of SMEs and export value chains in the agricultural sector.

**Sustainability:** DICO and some public agencies have strengthened their institutional and human capacity because of past TRTA support. However, these bodies still heavily rely on consultants. It is important to transfer the skills and knowledge to government employees in a

---

\(^{10}\) TDSP 2007-2016. The EU contributed with EUR 11.6 million to a total Trust Fund of EUR 16 million.

\(^{11}\) Support to Agro SMEs (2007-2014) was implemented by World Bank Group, International Financial Corporation (IFC) with a total EU contribution of EUR 8.6 million to the total fund of EUR 11.2 million.
number of highly technical trade areas and it is equally important for DICO and trade related agencies to retain those institutional and human capacities.

**Monitoring and evaluation:** Evaluations have highlighted weaknesses of in-house monitoring and evaluation systems, the information from which is unable to inform trade policy reforms and broader national development goals. Objectively Verifiable Indicators (OVI) should be developed in close consultation with ASEAN sectoral bodies and be linked to the official ASEAN Monitoring Integration indicators to support alignment.

**Private sector involvement:** More must be done to involve the private sector, in terms of building meso-institutions and private sector readiness for participating in new trade opportunities. The IFC’s private sector driven approach of the Agro SME programme was shown to have had success by tailoring its approach to the needs of the private sector. The programme also demonstrated the demand and interest from SMEs for support to access export markets and their willingness to invest in better standard compliance systems if information and guidance is available.

**Relations with other AMS and ASEAN regional programmes:** Past bilateral TRTA has often lacked coordination with pan-ASEAN initiatives, including EU funded ones. Improving coordination will be a key determining factor in the successful implementation of ARISE Plus Cambodia.

### 3.2 Complementarity, synergy and donor coordination

ARISE Plus Cambodia is part of the ARISE Plus regional programme, the regional component of which will be implemented roughly during the same period (2017-2022). Identified activities under the regional component which will directly involve Cambodia include the development of an ASEAN Rapid Alert System for Food and Feed as well as the harmonisation of standards for food products and pharmaceuticals in ASEAN. The European Union Intellectual Property Office also provides technical assistance to ASEAN to upgrade systems for intellectual property (IP) creation, protection, utilization, administration and enforcement, in line with international best practices and the new ASEAN IPR Action Plan 2016-2025. It is important that the proposed Action allocates resources in a way that complements rather than overlaps with these priorities and actions. An annual regional steering committee would be the most appropriate platform to ensure coordination.

Current EU support in Cambodia was mainly channelled through the TDSP, which ended in 2016. The TDSP responded specifically to the needs of the MoC and other line ministries in trade policy formulation, regulation, trade facilitation, and capacity building.

The Enhanced Integrated Framework (EIF) and Trade SWAp have been active in Cambodia and have lent significant support to the formulation of sector strategies and delivered sector support to a number of important sectors. Currently, there are no trade assistance programmes funded by EU Member States, while GIZ implements a Cambodian component of a regional programme on the Initiative for ASEAN Integration (IAI on trade in services/labour mobility) and ASEAN Sustainable Agrifood Systems (ASEAN SAS on agricultural production, processing, standards and regulation). JICA provides technical assistance to GDCE on risk management and pre-clearance. ADB plans a new support for customs transit and the NTM. USAID provides TRTA in respect of the National Single Window (NSW) and WTO TFA.
EU supports private sector with a EUR 2.5 million ICI+ project implemented by the EuroCham.

Complementarities will also be sought with relevant ongoing and upcoming programmes supporting the primary sector and export value chains. This includes in particular EU support to fisheries (focal sector under bilateral MIP 2014-20), BMZ upcoming ASEAN Trade Facilitation programme, the upcoming project on trade-related quality infrastructure with focus on agricultural products to be implemented by the German Physikalisch-Technische Bundesanstalt (PTB), and support to producer associations through the EU regional programme Support to ASEAN Farmers organisations.

Donor coordination will be an integral part at all stages of project implementation to avoid duplication and replication of actions and activities, particularly in customs systems, NSW, risk management and transit. ARISE Plus Cambodia will strengthen the existing coordination mechanisms relevant to the different components, in particular the Trade SWAp.

### 3.3 Cross-cutting issues

ARISE Plus Cambodia would have an indirect effect of lifting persons out of poverty, as past economic performance suggests that trade expansion has been a powerful engine for job creation in Cambodia. The TRTA’s focus on the implementation of the Cambodian National Single Window (CNSW) and expedited clearance procedures is expected to lead to a major improvement in the governance of trade. ARISE Plus Cambodia will, in general, be very relevant to good governance and anti-corruption through the strengthening of institutional capacities, improved regulatory practices and transparency and pilot implementation in the rural area.

There is also evidence that trade integration has contributed to women's economic empowerment through the creation of jobs in export-oriented manufacturing sectors. The Action will improve gender mainstreaming in policy making and ensure the participation of women in PPP dialogue. Such activities will be aligned to the MOC Gender Mainstreaming Action Plan, as well as the MOWA Women’s Economic Empowerment strategies, strengthen the services of CWEA by providing direct capacity building support, and gain a better understanding of how trade is impacting women and vulnerable groups, through the support to the TTRI in this area. The findings will be used to inform and create flanking measures linked to trade policy.

Trade represents an opportunity for marginalized groups to grow out of poverty, but accompanying measures are necessary. This TRTA will be focused on equipping intermediary organizations to provide support, as well as policy makers to understand better the impacts of policies on vulnerable groups, with a view to devising more targeted policies which limit displacement and inequalities. Specific activities in this area will include gaining better insights into how trade is affecting vulnerable segments of the population.

The Action focuses on improving the trade environment and is expected to not have any significant direct impact on the environment. Nevertheless, under results 2 and 3 under section 4.2, the programme will deal with production standards both from an enforcement and regulatory perspective and from a production compliance perspective. The increased level of transparency and automation is expected to lead to greater compliance.
The Action will seek collaboration and coordination with other programmes, such as GIZ’s “Social and labour standards in the textile and garment sector in Asia”, GIZ’s ASEAN Sustainable Agrifood Systems (Social and environmental Standards in Agriculture) and the ILO/Better Factory of Cambodia and thereby integrate human rights aspects into the Action. With the Action's focus on trade in goods, it will work in complementarity and exchange with GIZ's regional Support to the Initiative for ASEAN Integration, which focusses on trade in services. The Action will thereby benefit from existing regional process insights and work relations with ASEAN. It will also build on the German support through the Physikalisch-Technische Bundesanstalt to ASEAN and the Institute of Standards of Cambodia to strengthen the national quality infrastructure.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results

ARISE Plus Cambodia is the national Cambodian component of the ARISE Plus Regional Programme consolidating and enhancing the results already achieved with past and on-going EU Trade Related Technical Assistance.

The overall objective of the Action is to support greater connectivity and economic integration between Cambodia and the rest of ASEAN.

The three specific objectives are:

1. To improve customs, trade facilitation and standards with a view to better integrating Cambodia into the ASEAN Community and to accelerate the Cambodian Government’s implementation of the WTO TFA.
2. To strengthen institutional capacities and improve good regulatory practices with a view to achieving a more transparent, predictable and competitive trade environment.
3. To enhance private sector engagement, notably Small and Medium-Sized Enterprises (SMEs), and better preparedness for ASEAN's seamless, single economic space (AEC).

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal (8) 'Promote strong, inclusive and sustainable economic growth and decent work for all', but also towards SDG Goals (5) 'Achieve gender equality and empower all women and girls', (10) 'Reduce inequality within and among countries', (12) 'Promote sustainable consumption and production patterns' and (16) 'Achieve peaceful and inclusive societies, rule of law, effective and capable institutions'. This does not imply a commitment by the Cambodian Government benefiting from this programme.

4.2 Main activities

Result 1: To improve customs, trade facilitation and standards with a view to better integrating Cambodia into the ASEAN Community and to accelerate the Cambodian Government’s implementation of the WTO TFA.

This result area has 3 main activities:
1) Activities will focus on the harmonisation of customs and transport facilitation procedures through the operationalisation of the **Cambodia National Single Window (CNSW)** including ensuring that the CNSW meets Cambodia’s WTO TFA and ASW commitments as well as facilitating Cambodia’s connectivity to and integration with ASEAN.

2) Activities will also include actions to **automate and streamline the SPS and other standards systems**. As regards SPS, the action will prepare clear procedures (including sampling and risk management practices) for the clearance of perishable cargo to reduce losses/wastage due to delays in checking and/or testing agricultural shipments.

3) This result area will also include support to further the development and sustainability of the **National Trade Repository (NTR)**. The publication of rules and regulations will contribute to making doing business in Cambodia more efficient, less costly and less opaque and will enhance transparency and reduce the opportunity for rent taking. Furthermore, an NTR will also facilitate Cambodia’s compliance with its WTO TFA and ASW commitments and once fully functioning, the NTR will facilitate Cambodia’s connectivity and integration with ASEAN.

**Result 2: To strengthen institutional capacities and improve good regulatory practices with a view to achieve a more transparent, predictable and competitive trade environment.**

This result area has 3 main activities:

1) Activities in this result area will strengthen the government’s trade and investment-related institutions in their **capacity to formulate trade and investment laws, regulations and policies and to manage implementation and compliance**. They will include work across line ministries engaged in trade and investment-related issues to strengthen institutional and individual capacities by building skills and providing assistance in technical areas. A significant focus on mainstreaming gender, poverty and social equality will be integrated into trade related activities.

2) The activities will also specifically support the further **strengthening of reporting to the ASEAN Community Statistical System (ACSS)** as well as providing support to the ASEAN Community integration monitoring framework, which contributes to monitoring the process and results of regional integration.

3) Additional capacity building activities envisaged will focus on **improving transparency and clarity of legislation and policies**, support and promote enactment and implementation of laws complying with ASEAN commitments on trade in goods (ATIGA), services (AFAS) and investment (ACIA) and encourage public-private dialogue to bridge the current advocacy weaknesses between non-state actors and the government. Therefore activities will also include support to NGOs or/and International Organisations to monitor human rights, social and environmental impacts of trade integration as well as to conduct policy based advocacy and support multi-stakeholder consultations/dialogue. This is in line and supported also by the EU Trade for All Strategy

**Result 3: To enhance private sector engagement, notably SME’s, to contribute to better preparedness for ASEAN’s seamless, single economic space.**
This result area has 3 main activities:

1) Activities will provide support to producer and business associations, as well as key social enterprises, to further strengthen private sector actors' abilities to take advantage of ASEAN market opportunities by bridging trade information weaknesses. Specific activities will be undertaken to raise awareness on customs matters, standards, rules of origin and market intelligence.

2) Activities will also include training and capacity strengthening to key producer and business associations to improve their trade advocacy, their understanding of ASEAN, WTO and other agreements for their trading activities and their capacity for public-private dialogue (G-PSF) including with respect to reported NTMs in third markets. Specific activities will focus on strengthening producer and business associations and chambers of commerce in the delivery of their services.

3) Activities that support Cambodian private sector development (including support to SMEs, on agricultural and industrial production, in particular in rural areas) will focus on enhancing private sector activities alongside trade facilitation measures that have been/ will be adopted (e.g. Inputs, SPS, Standards - Organic, SRP, GAP, GMP, HACCP, ISO, labour). Activities will also support supply chain integration, awareness of border processes and logistics, as well as market access/information. In addition, support in selected ASEAN export markets is foreseen to facilitate understanding of requirements for market access.

4.3 Intervention logic

The proposed Action is aligned to Cambodia’s ambitions of implementing the AEC blueprint. It builds on the achievements of past and on-going TRTA programmes supporting Cambodia’s connectivity and integration with ASEAN; making use of EU’s unique knowledge and experience in meeting the challenges and reaping the benefits of regional economic integration, and providing guidance on implementation, and monitoring and evaluation. It is fully coherent with the EU’s Aid for Trade strategy. It is aligned to the government’s trade strategy (MTP, CTIS, Trade SWAp), Rectangular Strategy for Growth, Employment, Equity and Efficiency, National Strategic Development Plan (NSDP), and gender mainstreaming plans (GMAP).

The Action outlines a comprehensive approach that encompasses different layers of support to the trade environment (macro level) and to private sector engagement and development (meso level) in order to promote the implementation of AEC commitments, but also increase the participation of Cambodia’s private sector in ASEAN markets. The three result areas are highly complementary and aim at developing transparency, predictability and efficiency in the trade environment, while improving private sector competitiveness and strategies for the regional market. There are specific crosscutting development interventions within the Action, which will look at impacts of trade on workers including the most vulnerable, appraise environmental effects of trade, and encourage rural participation in regional trade.

The Action will also significantly contribute to strengthening capacities within national institutions and improve good governance practices, as well as foster consultation and coordination mechanisms.
5. **IMPLEMENTATION**

5.1 **Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 **Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 **Implementation modalities**

5.3.1 **Procurement (direct management)**

<table>
<thead>
<tr>
<th>Subject in generic terms, if possible</th>
<th>Type (works, supplies, services)</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance monitoring, reporting &amp; Evaluation</td>
<td>Services</td>
<td>2</td>
<td>3/2019 &amp; 3/2021</td>
</tr>
<tr>
<td>Audit</td>
<td>Services</td>
<td>1</td>
<td>3/2021</td>
</tr>
</tbody>
</table>

5.3.2 **Indirect management with a Member State agency**

A part of this action may be implemented in indirect management with GIZ in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the management and coordination of all tasks for the completion of activities described in Section 4, in support to the beneficiary administration (MOC-DICO), and other development actors, including capacity development deriving from a concept of sustainable development. More specifically it entails the provision of technical support to the beneficiary administration, supervision and monitoring of the project implementation, facilitating the coordination in the trade sector, contributing to policy dialogue, reporting to the EU Delegation and ensuring effective communication, including EU visibility.

This implementation is justified because:

- GIZ is well-established in the country since 2001 and has relevant experience in managing private sector and export value chain development with a strong record in developing national quality infrastructure, in the framework of ASEAN integration on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). In addition, GIZ is currently implementing bilateral trade integration
programmes in Myanmar (EU funded) and Laos (funded by Germany) dealing with similar problems and context.

- GIZ’s current large technical support to ASEAN economic integration, including through food safety, sustainable agriculture value chains, SME development, competition policy, trade in services, labour mobility as well as labour standards, brings experience with ASEAN structures and processes as well as networks and complementary resources. Additionally, GIZ has a team located in the ASEAN Secretariat (ASEC) in Jakarta focusing on economic integration.

- GIZ has experience in implementation of projects in trade facilitation (including single window implementation), trade promotion, local and regional economic development, value chain upgrade as well as quality infrastructure worldwide.

- GIZ possesses the experience and capacity in managing actions of a similar size with the Government of Cambodia, as well as, globally, technical capacity pertaining to the trade sector and private sector development.

- Implementation through a Member State builds on Germany’s current lead contribution to the European Joint Programme in the areas of "Private Sector Development" and "Agriculture and Rural Development".

The entrusted entity would carry out the following budget-implementation tasks, consisting of overall project management, operational steering and technical guidance as well as budgetary and financial administration of the project including call for proposals, procurement and preparation of technical proposals and recruitment of the relevant expertise to ensure the quality control of the project activities described in section 4.2, controlling and approving work plans submitted by the beneficiary administration, controlling procurement and grant award procedures, controlling the execution of the work plans and procurement and grant contracts, notably accepting deliverables, carrying out payments and recovering the funds unduly paid.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

<table>
<thead>
<tr>
<th>Component 1 –Trade Facilitation and Standards</th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative BMZ contribution (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 350 000</td>
<td></td>
</tr>
</tbody>
</table>
5.3.2.2 Indirect management with GIZ | 4 350 000  
Component 2 – Policy and regulatory capacity | 1 500 000  
5.3.2.2 Indirect management with GIZ | 1 500 000  
Component 3 – Private Sector development | 1 500 000  
5.3.2.2 Indirect management with GIZ | 1 500 000  
5.7 Performance monitoring & reporting 5.8 Evaluation & 5.9 Audit | 150 000 N.A.  
Total | 7 500 000 2 000 000  

5.6 Organisational set-up and responsibilities

The action will, wherever possible, and after GIZ undertakes a full assessment of capacities and coordination needs, use existing Government/donor partners’ coordination mechanisms, namely the Trade SWAp steering committee and sub-committee structures. Other donors involved in the trade/private sector development sector will assist as observers. Policy dialogue will be ensured at the Trade SWAp that is co-chaired by the EU as Lead Development Partner Facilitator for the Enhanced Integrated Framework, and this could be complemented by bilateral policy dialogue according to needs.

A project steering committee (PSC) at technical level will be established for assessing progress and providing guidance for implementation of this action exclusively. A regular meeting on a six-monthly basis will provide the oversight needed for the action.

In addition, an annual regional steering committee for the ARISE Plus regional and country programmes could be foreseen to ensure coordination and complementarity regionally.

At a different level, the implementing partner and Ministry of Commerce will meet frequently for the purpose of day-to-day management. The implementing partner will meet regularly with the EU delegation as needed for the program management.

The DICO of the MoC has shown strong ownership of the Action and demonstrated capacity to implement significant cooperation actions under the past EU programme "Trade Development Support Programme (TPSD)" and under the on-going Trade SWAp, where DICO acts as the focal point for all trade related activities. In order to facilitate full ownership and alignment with national systems, no "project management unit" will be set for the management of the proposed action. In line with standard operating procedures and mechanisms of the MoC, the overall management responsibility on behalf of MoC as the institutional partner for the Action will lie in the hands of DICO as the National Project Implementation Unit. Coordination between the different ministries, agencies and departments will be addressed through regular internal management meetings. Technical assistance will be provided by GIZ, wherever deemed necessary by GIZ and key departments, in order to strengthen project definition and management capacities, including budgeting and accounting capacity at ministerial level.
5.7 Performance monitoring and reporting

A results-based monitoring and evaluation (M&E) framework will be developed that will allow project stakeholders to monitor impact and effectiveness. The framework will include a full set of output and outcome indicators, and an activity-based budget linked directly to goals and objectives. The framework will be agreed by the Steering Committee (Trade SWAp Implementation Committee) at start-up.

The day-to-day technical and financial monitoring of the implementation of the Action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the Implementing Partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The logical framework indicators for which no baseline data are available, will be collected by the Ministry of Commerce(MoC) / Cambodia Women Entrepreneurs Association(CWEA) and monitored by the CWEA in the case of “Female owned businesses engaged in exports (Number)” (result 2 indicator 5) and the Ministry of Commerce in the case of “Number of certified products exports” (result 1 indicator 7), and “Businesses in rural areas which are engaged in exports (Number)” (result 3 indicator 5). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the importance of the action, mid-term and/or final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to appraising achievements and drawing lessons, in order to fine-tune projects objectives and modalities.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that agriculture and natural resources management is one of the focal areas under the National Indicative Programme 2014-2020 for Cambodia.

The Commission shall inform the Implementing Partner at least one month in advance of the dates foreseen for the evaluation missions. The Implementing Partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.
The evaluation reports shall be shared with the partner country and other key stakeholders. The Implementing Partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, up to two contracts for evaluation services shall be concluded under a framework contract, respectively just after the two first years of effective project implementation, and just three months before the end of the implementation period.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract after the end of the operational implementation period.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated by GIZ in cooperation with the EU at the start of implementation and supported with the budget indicated in 5.5 above. It would allow in particular the involvement of the EU Delegations at key stages of the project.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.
APPENDIX - INDICATIVE LOG FRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

<table>
<thead>
<tr>
<th>Results chain</th>
<th>Indicators</th>
<th>Baselines (incl. reference year)</th>
<th>Targets (incl. reference year)</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall objective: Impact</td>
<td>To support greater connectivity and economic integration between Cambodia and the rest of ASEAN</td>
<td>1. Value of Cambodia-ASEAN trade (in USD)</td>
<td>1. Increase in the value of Cambodia-ASEAN (2016-2022) above its exports to the rest of the world</td>
<td>1. ASEAN stats: ASEAN International Merchandise Trade Statistics Database</td>
<td>1. Political support for reforms &amp; new laws</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Value of ASEAN FDI inflows (in USD)</td>
<td>2. Increase in the value of ASEAN FDI inflows (2016-2022)</td>
<td>2. ASEAN stats: ASEAN FDI Database by 26 May 2015</td>
<td>Commitment and capacity of border agencies to implement reforms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. WEF Global Competitiveness in goods market efficiency (Ranking)</td>
<td>3. Improved WEF ranking</td>
<td>3. World Economic Forum Global Competitiveness Report</td>
<td>Commitment and capacity of border agencies to implement reforms</td>
</tr>
<tr>
<td>Specific objectives: Outcome(s)</td>
<td>Specific Outcome 1</td>
<td>To improve customs, trade facilitation and standards</td>
<td>1.1. Time to export border compliance: 48 hours (2016)</td>
<td>1.1. Decrease in time by 20% by 2022</td>
<td>1.1-1.4. World Bank Doing Business</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.2. Cost to export border compliance (USD)</td>
<td>1.2. Decrease in cost by 20% by 2022</td>
<td>Commitment and capacity of border agencies to implement reforms</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.3. Time to import border</td>
<td>1.3. Decrease in</td>
<td>Commitment and capacity of border agencies to implement reforms</td>
</tr>
</tbody>
</table>

---

12 *These two indicators (World Bank Doing Business, Trading Cross Borders Index) are linked to the EU Result Framework Indicator no. 29 = Number of countries whose capacity to trade across borders has improved with EU support.

[21]
<table>
<thead>
<tr>
<th>Results chain</th>
<th>Indicators</th>
<th>Baselines (incl. reference year)</th>
<th>Targets (incl. reference year)</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>compliance (Hours)</td>
<td>border compliance: 8 hours (2016)</td>
<td>time by 20% by 2022</td>
<td>agencies to implement WTO TFA</td>
<td>Commitment to implement the results of business process re-engineering.</td>
</tr>
<tr>
<td></td>
<td>1.5. WTO TFA Cat C commitments implemented. (Number)</td>
<td>1.5. WTO TFA Cat C: 15 identified in 2017</td>
<td>1.5. All WTO TFA Cat C commitments implemented by 2022</td>
<td>1.6. TI Corruption Perceptions Index</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.7. Value of certified products exported (%)</td>
<td>1.7. Value of certified products exported (% of total): To be collected</td>
<td>1.7. Share of certified products exported as a % of total exports increases by 10% from 2018-2022</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Specific Outcome 2**
To strengthen institutional capacities and improve good regulatory practices

<table>
<thead>
<tr>
<th></th>
<th>2.1. Level of compliance with international/regional trade legislation regulations (Number)</th>
<th>2.1. No of regional trade regulations implemented into Cambodian law.</th>
<th>2.1. Key laws identified in CTIS are approved by parliament</th>
<th>2.1. Official gazette/CTIS indicators</th>
<th>Political will to adopt new laws</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.2. Positions on trade put forward by the non-govermental sector (Number)</td>
<td>2.2. Positions adopted during the Government Private Sector Forum WG</td>
<td>2.2. Increased number of actions adopted</td>
<td>2.2. MOC/DICO Reports</td>
<td>Political will to consult and carry out sustainable impact assessments</td>
</tr>
<tr>
<td></td>
<td>2.3. Impact assessments carried out that include social or environmental</td>
<td>2.3. Trade Impact Assessments conducted: 0 (2016)</td>
<td>2.3. Assessments carried out: 10 by 2022</td>
<td>2.3. MOC/TTRI Reports</td>
<td>Gender mainstreaming continues to be a priority for the government</td>
</tr>
</tbody>
</table>

[22]
<table>
<thead>
<tr>
<th>Results chain</th>
<th>Indicators</th>
<th>Baselines (incl. reference year)</th>
<th>Targets (incl. reference year)</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>sustainability (Number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.4. GMAP activities embedded in the MOC budget (USD)</td>
<td>2.4. Current budget allocated to GMAP: 0 (2016)</td>
<td>2.4. MOC Budget allocated to GMAP: Average USD 200,000 per year until 2022</td>
<td>2.4. MOC GMAG/MOWA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.5. Female owned businesses engaged in exports (Number)</td>
<td>2.5. Baseline to be collected</td>
<td>2.5. Increase by 20% over baseline by 2022</td>
<td>2.5. MOWA</td>
</tr>
<tr>
<td></td>
<td>Specific Objective Outcome 3</td>
<td>To enhance private sector engagement, notably Small and Medium-Sized Enterprises (SMEs), and better preparedness for ASEAN’s seamless, single economic space (AEC).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.4. Rural poverty headcount ratio at national poverty lines</td>
<td>3.4. % of rural population: 20.8 (2015)</td>
<td>3.4. % of rural population: 15% (2022)</td>
<td>3.4. World Bank World Development Indicators</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.5. Businesses in rural areas which are engaged in exports (Number)</td>
<td>3.5. Baseline to be collected</td>
<td>3.5. Increased number of exporters in rural areas over baseline.</td>
<td>3.5. MOC collected statistics</td>
</tr>
</tbody>
</table>