Standards and Trade Development Facility

Project proposal on:

SPS Standards and Trade Advisor, Cambodia

A technical assistance project meeting the urgent need in Cambodia for high-level expertise in SPS matters to assist the development of the private and public sectors, with special emphasis on enhancement of export market opportunities for agricultural, fishery and forest products, and food safety.

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[As principal consultant, Digby Gascoine disclaims any interest in undertaking the position of Standards and Trade Advisor Cambodia, the creation of which is recommended in this report.]

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### CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of acronyms and abbreviations</td>
<td>4</td>
</tr>
<tr>
<td>Definitions</td>
<td>4</td>
</tr>
<tr>
<td>1. SUMMARY AND RECOMMENDATION</td>
<td>6</td>
</tr>
<tr>
<td>2. LOGICAL FRAMEWORK</td>
<td>8</td>
</tr>
<tr>
<td>3. DESCRIPTION OF PROJECT</td>
<td>9</td>
</tr>
<tr>
<td>3.1 Terms of reference</td>
<td>9</td>
</tr>
<tr>
<td>3.2 Current situation in Cambodia</td>
<td>9</td>
</tr>
<tr>
<td>3.3 Approach to identification of preferred option</td>
<td>9</td>
</tr>
<tr>
<td>3.4 Activities</td>
<td>10</td>
</tr>
<tr>
<td>3.5 Options for STDF projects in Cambodia</td>
<td>10</td>
</tr>
<tr>
<td>3.6 Rationale for proposed project</td>
<td>13</td>
</tr>
<tr>
<td>3.7 Outputs</td>
<td>13</td>
</tr>
<tr>
<td>3.8 Related projects</td>
<td>13</td>
</tr>
<tr>
<td>3.9 Analysis of strengths, weaknesses, threats and opportunities</td>
<td>14</td>
</tr>
<tr>
<td>4. IMPLEMENTATION</td>
<td>15</td>
</tr>
<tr>
<td>4.1 Management arrangements</td>
<td>15</td>
</tr>
<tr>
<td>4.2 Selection of Advisor</td>
<td>15</td>
</tr>
<tr>
<td>4.3 Timing</td>
<td>16</td>
</tr>
<tr>
<td>4.4 Contractual arrangements</td>
<td>16</td>
</tr>
<tr>
<td>4.5 Monitoring and reporting</td>
<td>16</td>
</tr>
<tr>
<td>4.6 Evaluation</td>
<td>16</td>
</tr>
<tr>
<td>5. BUDGET</td>
<td>17</td>
</tr>
<tr>
<td>6. ACKNOWLEDGEMENTS</td>
<td>18</td>
</tr>
<tr>
<td>ANNEXES</td>
<td></td>
</tr>
<tr>
<td>Annex 1 Terms of reference</td>
<td>19</td>
</tr>
<tr>
<td>Annex 2 List of persons met</td>
<td>21</td>
</tr>
<tr>
<td>Annex 3 References</td>
<td>23</td>
</tr>
<tr>
<td>Annex 4 Possible export targets for SPS capacity-building</td>
<td>24</td>
</tr>
<tr>
<td>Annex 5 Role and responsibilities of S&amp;T Advisor</td>
<td>30</td>
</tr>
<tr>
<td>Annex 6 Project plan outline</td>
<td>33</td>
</tr>
</tbody>
</table>
ACRONYMS AND ABBREVIATIONS

AusAID
Australian Agency for International Development

Codex
Codex Alimentarius Commission

DfID
Department for International Development, UK

FAO
Food and Agricultural Organization of the United Nations

ICPM
Interim Commission on Phytosanitary Measures

IF
Integrated Framework

IPPC
International Plant Protection Convention

ITC
International Trade Centre

JICA
Japan International Cooperation Agency

KPI
key performance indicator

MoV
means of verification

MPDF
Mekong Project Development Facility (also known as Mekong Private Sector Development Facility)

OIE
Organisation International des Epizooties

SPS
sanitary and phytosanitary

STDF
Standards and Trade Development Facility

UNDP
United Nations Development Programme

USAID
US Agency for International Development

WHO
World Health Organisation

WTO
World Trade Organization

DEFINITIONS

Sanitary and phytosanitary (SPS) measures are formally defined in Annex A of the WTO Agreement on the application of such measures.

In broad terms, SPS measures are measures intended to protect human, animal or plant life or health against risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms; or to protect human or animal health against risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs; or otherwise to prevent or limit damage from the entry, establishment or spread of pests. SPS measures may take many forms including laws, decrees, regulations, requirements and procedures. Typically SPS measures are food safety requirements, and biosecurity controls designed to keep out exotic pests and diseases.

The SPS capability of a country is built up of many different elements that together comprise the regulatory, institutional and technical framework. On the public sector side SPS capability includes legislation, standards, enforcement mechanisms, inspection and certification systems, monitoring and surveillance systems, management structures, trained staff, laboratories, communication systems, etc. On the private sector side there are complementary capabilities in
production supervision, plant and animal health monitoring, pest management, and so forth. Together these systems must not only manage food safety and biosecurity risks, in a manner consistent with the obligations under the SPS Agreement, but must also facilitate export of animal and plant products in conformity with the requirements of importing countries.

**SPS capacity building** refers to the enhancement of a country’s ability to design, promulgate and implement SPS measures in accordance with the rights and obligations of WTO Members so as to achieve the appropriate level of protection against the risks referred to above, and to meet the SPS requirements of trading partner countries. Capacity-building includes creation and strengthening of infrastructure, institution building, and training.
1. SUMMARY AND RECOMMENDATIONS

• Background:

The strategy followed in this study has been to identify several options for STDF projects in Cambodia, based on prior knowledge and experience as well as relevant studies, and then to canvass the merits and demerits of these projects with key individuals and organisations in Phnom Penh. Suggestions of alternative projects to those initially identified were also invited. The consultants interviewed a wide range of individuals representing most of the key standards/trade-related organisations, including government agencies and donor organisations. Many possible projects were considered but, for various reasons, not examined in detail. Three strong prospects were identified on the basis of a review of available literature and interviews with representatives of a number of Cambodian Government and donor agencies.

Of these three, the project which is clearly preferable is to establish in Phnom Penh a Standards and Trade Advisor Cambodia, with necessary administrative support.

• Goal:

The goal of the project is to strengthen biosecurity and food safety and reduce poverty in Cambodia by reinforcing standards and trade-related activities.

• Purpose:

The purpose of the project is to provide an expert resource on standards/trade issues to facilitate SPS capacity-building in both the public and private sectors, and export development.

• Activities:

The provision of such a resource, in the form of an expert Standards and Trade Advisor located in Phnom Penh, would be fully consistent with the aims of the STDF and would meet a clear and significant need. The objectives of stationing an S&T Advisor in Cambodia would be:

- to provide of a generally-available resource for information and expert advice on SPS issues;
- to facilitate SPS capacity-building activities by the Royal Government of Cambodia and the private sector;
- to enhance information flows and liaison networks within Cambodia and with relevant parties in other countries on SPS issues;
- to assist the private sector to anticipate and overcome SPS barriers to export trade development.

With these objectives in mind, the main activities of the S&T Advisor would be:

- to establish effective working relationships with all relevant organisations and individuals, become familiar with current SPS-related activities and plans, and participate in established coordination processes and mechanisms as appropriate;
- to encourage and facilitate a coordinated approach to SPS capacity-building in Cambodia based on systematic and comprehensive needs assessment;
STDF 61 add.1

- to consult stakeholders to identify key SPS capacity-building needs in Cambodia, assist in the formulation of project proposals, and provide advice as appropriate to potential donors;
- to establish appropriate mechanisms for the regular dissemination of relevant information on national and international SPS-related activities, including the methodologies and recommendations that may become available from other STDF projects already underway;
- to respond to requests for information and advice on SPS-related issues and, where necessary, obtain a response on the more complex matters from relevant national and international bodies;
- to encourage and facilitate the development of expertise in SPS issues in Cambodian nationals through dialogue, training, coaching and mentoring;
- to utilise a modest tranche of funds to support small, high-return activities consistent with these activities and the broader objectives;

Management:

Overall management of the project would be the responsibility of the WTO, which would designate an officer to perform this function. The WTO would select a contractor to serve as Standards and Trade Advisor, Cambodia. Management would be by the WTO, aided by an STDF contact group formed in Cambodia to liaise regularly with the Standards and Trade Advisor (S&T) Advisor.

Period:

The Standards and Trade Advisor, Cambodia would be appointed for a period of two years, commencing as soon as the preferred candidate is able to take up duty in Phnom Penh. It should be feasible for the project to commence by no later than February 2006, or earlier if a suitable individual can be found who is already resident in Cambodia.

Budget:

The total cost of the project is estimated at US$530,000 over the two years.
## 2. LOGICAL FRAMEWORK

<table>
<thead>
<tr>
<th>Narrative summary</th>
<th>Key performance indicators</th>
<th>Means of verification</th>
<th>Assumptions/external factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>to strengthen biosecurity and food safety and reduce poverty in Cambodia by reinforcing standards and trade-related activities</td>
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<td><strong>Purpose:</strong></td>
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<td>STDF is on-going at end-2007/</td>
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<tr>
<td>to provide an expert resource on standards/trade issues to facilitate SPS capacity-building and export development</td>
<td>• feedback from stakeholders is positive</td>
<td>review of final project evaluation by STDF Working Group and/or partner agencies</td>
<td>partner agencies demonstrate continuing interest</td>
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<td><strong>Outputs:</strong></td>
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<td>1. a significant contribution to SPS capacity-building via provision of information, direct inputs of advice, and facilitation of more, better-targeted projects in the field;</td>
<td>1.1 expert advisor connects with relevant networks</td>
<td>• Advisor’s regular reports</td>
<td>• stakeholders become aware of and seek Advisor’s assistance</td>
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<td></td>
<td>1.2 proposals made for SPS/trade-related technical assistance projects</td>
<td>• contact group members’ liaison with stakeholders</td>
<td>• donors welcome Advisor’s facilitatory role</td>
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<tr>
<td></td>
<td>1.3 national planning framework for SPS capacity-building facilitated and needs assessment tools used</td>
<td>• Advisor’s regular reports</td>
<td>• national authorities cooperate with relevant stakeholders in the private sector in the planning process</td>
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<td></td>
<td>1.4 stakeholders respond positively to Advisor’s contributions</td>
<td>• contact group members’ liaison with stakeholders</td>
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</tr>
<tr>
<td>2. facilitation of development of practical approaches to addressing technical barriers to export of agricultural/fishery/food products;</td>
<td>2.1 Advisor establishes contact with key producers/processors</td>
<td>• documentation of market access strategies</td>
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</tr>
<tr>
<td></td>
<td>2.2 Stakeholders consult Advisor re SPS barriers to increased exports</td>
<td>•</td>
<td></td>
</tr>
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<td>2.3 workshops held with relevant private and public sector interests</td>
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<td>2.4 technical market access strategies facilitated</td>
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3. utility of expert advisor approach modelled for possible replication in other countries

- documentation of approach available for use in other countries
- Advisor’s final report and debriefing
- close cooperation between Advisor and all relevant stakeholders

**Activities:**
- Advisor selected by WTO as project manager
- office established and staff member recruited
- liaison with STDF contact group
- networking with all interested parties
- project/activity support grants distributed
- key export enhancement potential and associated SPS barriers identified
- expertise in SPS issues of Cambodian nationals fostered through dialogue, training, coaching and mentoring;
- mechanisms established for regular dissemination of relevant information on national and international SPS-related activities, including the methodologies and recommendations that may become available from other STDF projects already underway
- highly qualified individual accepts position as S&T Advisor Cambodia, and serves out contract
- project budget assumptions are reasonably accurate
- continuing political stability in Cambodia
- economic climate encourages interest in increasing exports of farm/fishery/processed food products
3. DESCRIPTION OF PROJECT

3.1 Terms of reference

3.1.1 The STDF Working Group has decided to initiate a project in Cambodia. The cost should be in the range $300,000-$600,000 and the time frame about two years. The project should -

- assist Cambodia to enhance its expertise and capacity to analyze and to implement international sanitary and phytosanitary (SPS) standards, improving their human, animal and plant health situation, and thus ability to gain and maintain market access.
  - noting that, in addition to facilitating international trade, SPS capacity building, notably in the area of food safety, can result in improved health conditions for local markets and so favour economic and social development;
- complement other initiatives by partner organizations and donors aimed at increasing the participation of developing countries in standard setting, and exploit potential synergy with on-going initiatives such as the Integrated Framework (IF) and the Joint Integrated Technical Assistance Program (JITAP);
- draw upon and apply important implementation lessons from recent assistance efforts in this field, and aim to achieve additional improvements in the quality of assistance work through deeper collaboration among major multilateral agencies working in this field;
- seek to address longer term issues of capacity and compliance, rather than concentrating exclusively on short term policy-driven or "fire-fighting" projects;
- to the extent possible act as a reference point for good practice by demonstrating an innovative approach,
- encourage public-private sector collaboration and, where appropriate, international collaboration on a regional basis.

Detailed terms of reference are set out in Annex 1.

3.2 Current situation in Cambodia

3.2.1 Cambodia is categorised by the WTO as a Least Developed Country. Average annual per capita GDP (2004) is estimated at US$2000 (purchasing power parity basis). The majority of the population is engaged in agricultural and fishery activities. In Cambodia -

- almost all formal export trade is accounted for by the garment manufacturing industry, which is also a major importer, but there is substantial and mostly informal trade in agricultural/fishery commodities to neighbouring countries through highly pervious borders;
- there is some prospect in the medium to longer term of significant increases in formal agricultural and fishery product exports into higher value markets if technical entry requirements can be met;
- public sector infrastructure – e.g. to support trade development, biosecurity and food safety control - is characterised by, inter alia, lack of clear and mutually exclusive agency mandates, inadequate legislation and enforcement capability/effort, over-employment and under-resourcing, inter-
agency rivalry linked to the pervasive corruption, and general ineffectiveness;

• an array of bilateral and multilateral donors contribute about half a billion dollars per year, an amount of the same order of magnitude as the total national budget revenue from non-donor sources;

• many studies have been done and TA projects completed, and many more are in progress or on the drawing board;

• there is a vast, but only partly articulated, agenda of things that need to be done.

These attributes are largely shared with many developing countries and in particular with other LDCs, as pointed out in the STDF Business Plan.

3.2.2 Cambodia joined the WTO last year. Its accession commitments in relation to the SPS Agreement are being implemented; one outstanding item, addressed in a consultancy study in September 2004, is the introduction of a range of pieces of legislation concerning food safety standards and requirements concerning fruits and vegetables.\(^1\) Another recent report provides guidance on the adoption of Codex food standards into Cambodian law.\(^2\)

The important relationship between economic growth, trade facilitation, and arrangements for sanitary and phytosanitary control (biosecurity and food safety) has been recognised by the Royal Government of Cambodia (RGC). With strong support from the World Bank and other donors an effort is currently being made to rationalise Cambodia’s fragmented SPS infrastructure, in particular through the RGC’s response to a strategic review of the agency called Camcontrol which has the primary responsibility for food safety and SPS-related border inspection.\(^3\) The main recommendation of this strategic review is the creation of a new, statutory food safety agency using the core of expertise currently in Camcontrol.

3.2.3 It has also been recommended (Gascoine (A)), and the Senior Minister/Minister for Commerce has agreed, that an SPS capacity-building planning framework should be developed, built around detailed needs assessment, prioritisation, and formulation of action plans that donors can support in a coherent way. In this context, SPS considerations would be integrated into planning for export enhancement by use of a simple “technical market access planning” methodology, and the market access requirements for the key products identified would provide an important input into action planning by those agencies that provide SPS capability. The same study recommended that consideration should be given, as a matter of priority, to the feasibility of establishing a position of Expert Advisor to the Royal Government of Cambodia on SPS Capacity.

3.2.4 Very substantial resources are available to Cambodia to enhance its SPS capacity, including donor funding and technical assistance, standards and advice from the international standard-setting bodies and their parent organisations, and technical cooperation with counterparts in other countries through regional bodies and bilateral relationships. Improved networking and information acquisition is feasible and would be very productive. It is also likely that there could be a significant increase in resources flowing into SPS capacity building if there were better coordination of international aid effort in the SPS field and better targeted efforts to define high priority projects.

3.3 Approach to identification of preferred option

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1 See Gascoine (A)
2 See Gascoine (B)
3 See Gascoine (C)
3.3.1 The strategy followed in this study has been to identify several options for STDF projects in Cambodia, based on prior knowledge and experience as well as relevant studies, and then to canvass the merits and demerits of these projects with key individuals and organisations in Phnom Penh. Suggestions of alternative projects to those initially identified were also invited.

3.3.2 The principal consultant, Digby Gascoine, has conducted three related studies in the SPS field in Cambodia in 2004-2005. The co-consultant, Andrew McNaughton, is resident locally and has extensive experience in Cambodia, especially in the agriculture and environmental fields.

3.4 Activities

3.4.1 The consultants interviewed a wide range of individuals representing most of the key standards/trade-related organisations, including government agencies and donor organisations, in Cambodia. There was little contact with the private sector directly because representative bodies are nascent and not yet effective interlocutors on many issues.

3.4.2 A list of those who contributed to the process is at Annex C.

3.5 Options for STDF projects in Cambodia

3.5.1 The STDF project for Cambodia could be in the field of animal health, plant health, or food safety, or some combination of the three. Many possible projects were considered but, for various reasons, not examined in detail. Three strong prospects were identified on the basis of a review of available literature and interviews with representatives of a number of Cambodian Government and donor agencies, and these are discussed below.

- Option 1: Export-targeted SPS capacity-building

3.5.2. This project would begin with the selective identification of commodities produced or capable of production in Cambodia for which there is good export potential, especially into higher-value markets in developed countries, but for which there is the prospect in importing countries of encountering significant technical market access barriers of the kind covered by the SPS Agreement. Candidate commodities that have been examined initially include livestock (cattle, goats, etc) and livestock products, salad greens and herbs, and freshwater fish. The specific technical SPS barriers would be defined, and a plan drafted to systematically address them by targeted capacity-building in the public sector and cooperation with the private sector. (So, for example, if there is a good chance of marketing Cambodian freshwater fish in the EU it will be necessary to establish and operate in Cambodia the extensive regulatory apparatus specified in a number of pieces of relevant EU legislation, and at least one fish exporting establishment that conforms to the relevant requirements.) Then potential donors could be brought together to review the plan and make commitments to fund specific components of it.

3.5.3. The primary advantage of this approach to SPS capacity-building is that effort would be focused on the areas of most critical need, at least from the point of view of export activities. Both the RGC contact point for the Integrated Framework and a senior World Bank official have indicated support for the concept. One obvious risk associated with the approach would be that the identified export potential might not, in the outcome, be exploited because of changes in commercial considerations or some other reason. (See the discussion of some candidate commodities in Annex 4.) Another consideration is that
there would be similarities to STDF Project 20, whose objectives include to demonstrate in selected countries an integrated approach to planning and executing SPS capacity-building, with special emphasis on enhancement of export market access for agricultural, food, fishery, horticulture and forest products of developing economies.

3.5.4 A particular problem illustrated by the review of this potential project is the lack of a suitable SPS capacity-building framework to facilitate communication and coordination between international donors in Cambodia. In this instance, the consultants were told in interviews with different parties on three successive days (i) that Cambodia would need to establish a competent authority to certify fish exports to the European Union; (ii) that a bilateral donor was preparing to fund such a project; and (iii) that a multilateral donor “might have funds earmarked for this purpose”. Consequently the authors have not given further consideration to the construction of a competent authority for fish products as a possible STDF project for Cambodia.

- Development of a new food safety authority

3.5.5 A recent (February 2005) strategic review of the Cambodian Government agency known as Camcontrol has recommended the creation of a new, statutory food safety body to be called, say, Food Safety Cambodia (FSC). The review further recommends that a plan be drawn up for the large number of consequential actions that would follow from a decision to establish the FSC, including articulation of a national farm-to-table approach to food safety, new legislation, training, a review of laboratory capacity and needs, and so forth. Donors would be invited to commit to support individual components of the implementation plan. An STDF project could be the primary means for preparing the implementation plan and facilitating the coordination of donor inputs.

3.5.6 Any such project would be contingent on the Royal Government of Cambodia’s decision on the recommendations that it has received. It is believed (early July 2005) that this decision is imminent. A concern about this STDF project proposal might be that its commencement in, say, December 2005 (assuming a favourable decision by the STDF Working Group in September and allowing several months for selection of a contractor) would be too late a time at which to be starting the detailed planning for the new agency’s establishment – effectively six months after the RGC’s go ahead. In any event, it has emerged since the study team conducted its interviews that one of the bilateral donors active in Cambodia may fund a consultancy in August-September 2005 to prepare the plan for the new food safety agency.

- Option 3: Standards and Trade Advisor

3.5.7 Another recent report, which has been accepted by the RGC, has made the following observations:

“This is a critical time in the development of Cambodia’s SPS capacity. A significant food safety breakdown, or an outbreak of a major animal or plant pest or disease that is not quickly and effectively controlled, could cause a serious setback to economic and social progress in Cambodia. Although there are some impressive individuals in the RGC administration, local resources are

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4 “Standards and Trade Development Advisor” would be a better title, but in English at least the acronym “STD” is used for a medical condition and “STD Advisor” would be an uncomfortable title for the holder of the position.

5 See Gascoine (A)
insufficient to manage current responsibilities, let alone to engage effectively with the tasks of capacity-building.

It would be useful to make SPS expertise available on a continuing basis in country, for the use of the RGC and the donor community. Relevant considerations include:

– SPS capacity building is a relatively technical area in which local missions are unlikely to maintain expertise in-country
– A competent expert familiar with a wide range of SPS capacity issues could be the focal point for answering questions and facilitating contacts and information gathering for RGC agencies on a day-to-day basis, with great benefit to the effective implementation of agencies’ action plans.
– An expert who was familiar to, and had the respect of, the key Ministries in this field (and who avoided being captured by one Ministry or another) could identify areas in which capacity-building was lagging and the reasons why, and might have opportunity to bring such situations to the attention of the RGC at an appropriately senior level.
– Such an expert would also be a valuable resource for the donor community by facilitating coordination and contributing to future planning processes.

The logistics of this proposal potentially present a number of difficulties, not least amongst them the problem of finding an appropriately experienced contractor or contractors who could serve at least 50 per cent of the time in Cambodia for a period of a year or more. It is, however, an idea with such potential benefits that it warrants very close study.”

3.5.8 The provision of such a resource, in the form of an expert Standards and Trade Advisor located in Phnom Penh, would be fully consistent with the aims of the STDF and would meet a clear and significant need. The objectives of stationing an S&T Advisor in Cambodia would be:

– to provide a generally-available resource for information and expert advice on SPS issues;
– to facilitate SPS capacity-building activities by the Royal Government of Cambodia and the private sector;
– to enhance information flows and liaison networks within Cambodia and with relevant parties in other countries on SPS issues;
– to assist the private sector to anticipate and overcome SPS barriers to export trade development.

3.5.9 With these objectives in mind, the main activities of the S&T Advisor would be:

– to establish effective working relationships with all relevant organisations and individuals, become familiar with current SPS-related activities and plans, and participate in established coordination processes and mechanisms as appropriate;
– to encourage and facilitate a coordinated approach to SPS capacity-building in Cambodia based on systematic and comprehensive needs assessment;
– to consult stakeholders to identify key SPS capacity-building needs in Cambodia, assist in the formulation of project proposals, and provide advice as appropriate to potential donors;
– to establish appropriate mechanisms for the regular dissemination of relevant information on national and international SPS-related activities, including the
methodologies and recommendations that may become available from other STDF projects already underway;

- to respond to requests for information and advice on SPS-related issues and, where necessary, obtain a response on the more complex matters from relevant national and international bodies;
- to encourage and facilitate the development of expertise in SPS issues in Cambodian nationals through dialogue, training, coaching and mentoring;
- to utilise a modest tranche of funds to support small, high-return activities consistent with these activities and the broader objectives.

The qualifications and experience required to effectively perform the role of S&T Advisor are set out in Annex 5.

3.5.10 A singular advantage of this option is that the Advisor would be able to allocate time flexibly to meet the highest priority at any given time. This flexibility would mean that the Advisor could, inter alia, help to initiate or facilitate the projects outlined in Options 1 and 2 above, if it were timely to do so. An early supporter of this proposal for an STDF project from amongst the three options canvassed here is the FAO Representative in Cambodia.

3.5.11 The prospective cost of maintaining the Advisor in Cambodia would be of the order of $175,000 per year for a full-time contractor, one locally-engaged support staff and associated costs, plus a small provision of $50,000-60,000 per annum to be used flexibly by the Advisor to fund key, high value/low cost initiatives in support of the general objective.

3.6 Rationale for proposed project

3.6.1 The principal reasons for proposing the establishment of the position of S&T Advisor are the evident need for expertise in SPS issues in Cambodia and the opportunities that exist to build capacity in the public and private sectors to deal effectively with SPS matters, especially as they affect export trade. Noting the very limited capacity of Cambodia’s public sector institutions to provide expert advice and information to private sector stakeholders, the availability of the services of the S&T Advisor may be especially valuable to businesses and farmer groups.

3.7 Outputs

3.7.1 The major outputs of the project would be:
- a significant contribution to SPS capacity-building via direct inputs and facilitation of more, better-targeted projects in the field;
- facilitation of development of practical approaches to addressing technical barriers to export of agricultural/fishery/food products;
- a proven model applicable in other developing countries.

3.8 Related projects

3.8.1 There are several SPS-relevant technical assistance projects current in Cambodia:
- Under AusAID’s Asia Regional Development Cooperation Program there is a Sanitary and Phytosanitary Capacity Building Program, managed by the Australian Department of Agriculture, Fisheries and Forestry in Canberra,
which is supporting a range of initiatives in the fields of animal and plant health protection.\footnote{For additional information see www.daff.gov.au/spscbp}

- Under AusAID’s Cambodia-Australia Technical Assistance Facility a policy and strategy for the implementation of a cross-agency risk management approach to inspections and clearances has been drafted.
- With funding support from the New Zealand Agency for International Development, FAO/WHO are implementing a project entitled Improving Food Safety and its Management in Cambodia, Lao PDR and Viet Nam.
- The EU’s Multilateral Trade Assistance Project has supported several studies relating to WTO accession/SPS legislation commitments, adoption of international food standards, and reform of the regulatory agency Camcontrol.

None of these projects duplicates the proposal for establishing a position of S&T Advisor, and there could be significant synergies.

3.9 Analysis of strengths, weaknesses, threats and opportunities

3.9.1 The principal strengths of the project include:
- availability in Cambodia of expert advice on SPS issues on a continuous basis would meet a clear and urgent need in both the public and private sectors;
- the services of the S&T Advisor would make a significant contribution to trade facilitation and, in this respect and by helping to improve food safety, the project would be pro-poor;
- public and private sector support is highly likely;
- implementation can be flexible to meet emerging needs and priorities;
- transfer of relevant expertise to Cambodian nationals would be an important aspect of the Advisor’s mandate;
- if successful the model could easily be replicated in other developing countries;
- there would be no overlap with other current or planned technical assistance activities in Cambodia;
- the position would complement the activities of other proposed advisor positions;
- risk of diversion of resources to unapproved uses would be minimal;
- local STDF partner representatives and private sector nominees can participate in continuous monitoring and management of the project.

3.9.2 The main weaknesses of the proposal are:
- it may prove difficult to attract a suitably qualified individual to accept the position for a two-year term;
  - to be met by energetic recruitment processes and flexibility in establishing remuneration parameters;
- insufficient discipline in focussing on highest priorities may lead the Advisor to spread the time available too thinly;
  - to be met by careful monitoring of performance, including through the local contact group;
- there may be some local scepticism about provision of technical assistance in the form of advisory services rather than infrastructure investment;
− to be met by emphasising the need for an appropriate balance between the range of inputs to SPS capacity-building, and by pointing to the evident need for an SPS advisory resource in Cambodia.

3.9.3 The main threats to the success of the project are:

- the advisor’s performance may be below expectations;
  − to be avoided by careful selection procedures and inclusion of a probationary period in the contract;
- the advisor may be “captured” by a host institution wishing to use the advisory resource exclusively for its own purposes;
  − to be avoided by not locating or associating the Advisor with any particular institution of the RGC or the donor community;
- more potential for levying of illegal fees and charges may be created by initiatives that facilitate the development of regulatory institutions and programs;
  − to be avoided by mandating the Advisor to encourage a “business-aware” and ethical approach to regulation;
- donors and public sector bodies may resent any inference that the advisor has a coordinating role on SPS matters;
  − to be avoided by early and careful explanation of the Advisor’s role and responsibilities;
- effective working relationships with important local institutions are essential but vulnerable to differences that may arise over priorities and expectations as well as on matters of personality and style;
  − to be avoided by appropriate selection criteria and choice of an individual with strong people skills applicable to the circumstances of Cambodia.

3.9.4 The main opportunities presented by the proposal are:

- significant consciousness-raising about standards/trade development issues in the private sector can be achieved;
- cost-effective targeting of a larger share of donor resources to standards/trade issues would be facilitated.

4. IMPLEMENTATION

4.1 Management arrangements

4.1.1 Overall management of the project will be the responsibility of the WTO, which will designate an officer to perform this function. The Advisor will be required to formulate an initial work plan and revise it at appropriate intervals. The work of the Advisor in Cambodia will be facilitated by the appointment of a locally-based contact group whose members should include representatives of the World Bank, FAO and WHO, several bilateral donor bodies, the RGC, the private sector, and NGOs.

4.2 Selection of Advisor

4.2.1 The WTO will advertise widely, including in Cambodia, and conduct the selection process for the position of SPS Standards and Trade Development Advisor, Cambodia, in
consultation with other STDF partner organisations. The project should not be implemented unless a highly qualified candidate is available.

4.3 Timing

4.3.1 The position of SPS Standards and Development Advisor, Cambodia should be advertised immediately the project proposal has been approved by the STDF Working Group with a view to selection of the preferred candidate by end-November 2005 and commencement in Cambodia as soon as possible thereafter.

4.4 Contractual arrangements

4.4.1 The SPS Standards and Development Advisor, Cambodia should be appointed for two years, subject to an initial probationary period of three months. The contract of appointment should specify the conditions to apply in the event that either party decides to terminate the arrangement. The Advisor and the locally-engaged assistant should be paid monthly in advance. Appropriate arrangements should be specified for the draw-down of funds to meet operating expenses and program costs.

4.5 Monitoring and reporting

4.5.1 Progress of the project will be monitored against the initial and revised work plans, and by reference if appropriate to the locally-based contact group. The Advisor will report directly to the WTO project manager on a regular basis, in the form of monthly activity reports, a mid-term review, and an end-of-mission overview report with recommendations. Additionally there may be reports specific to particular sub-projects, especially where such documentation would facilitate the demonstration aspect of the Project. These reports may be relevant to the Working Group’s consideration of the disposition of STDF resources in Cambodia or elsewhere.

4.6 Evaluation

4.6.1 There should be an overall project evaluation, on the basis of the Advisor’s final report, at the end of the two year term. The latter report should canvass *inter alia*, outcomes, sustainability and institutional development, taking into account also the views of the relevant organisations in Cambodia.
### 5. BUDGET

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<th>Year 2 (US$) (a)</th>
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<td><strong>10,000</strong></td>
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<td></td>
<td></td>
<td><strong>249,800</strong></td>
<td><strong>280,200</strong></td>
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</tbody>
</table>

Notes on budget:

(a) Estimates for Year 2 include an allowance of 4% (rounded for some items) for inflation.

(b) The package for the Advisor, which would be negotiable according to qualifications and experience, assumes the individual selected has a spouse, and two children who will require enrolment in an international school. The rate shown here is considered reasonable for the long-term engagement in Cambodia of a professional with the level of experience and skill required.

(c) It is assumed the locally-employed Assistant is an experienced Khmer professional, with good English language, inter-personal, and organizational skills, and preferably with a business background. The primary roles of this person include interpretation/translation, liaison, research, event organizing, office management and driving.

(d) Aggregate costs would be reduced by almost $60,000 if the individual selected as S&T Advisor were already based in Cambodia.

(e) Assuming the Advisor’s office would be located in the premises of (but not affiliated with) a suitable international organization, such as MPDF, FAO, or the World Bank; this estimate is based oral advice from MPDF staff.

(f) The estimate for local travel includes transportation by car within Phnom Penh and environs, plus about 20 days per year in the provinces.

(g) It is assumed that the Advisor will visit Geneva and Rome for one week at the beginning and end of mission for briefing/debriefing.
(h) It is assumed that the Advisor could productively expend $50,000-60,000 per year on small-scale, high-return activities. The activities shown here are for purposes of illustration only. They include:

- brief studies commissioned from relevant organisations and individuals on specific SPS/trade-related topics;
- funding of incremental costs for international professionals with SPS-related expertise who are travelling in or through the region to divert to Phnom Penh for discussions and training sessions with local stakeholders;
- international visits by selected stakeholders in the public and private sectors to take advantage of training opportunities in SPS/trade-related matters, e.g. by short missions to relevant institutions in other countries in the region.

6. ACKNOWLEDGEMENTS

6.1 The contributions made to this study by many individuals in the agencies of the RGC, the donor community and the private sector are gratefully acknowledged.

Digby Gascoine
Principal consultant

Andrew McNaughton
Consultant
Background

The STDF has a target to disburse 40% of programme resources in Least-Developed Countries (LDCs). One avenue to meet this target is to pursue co-ordination with the work of the Integrated Framework – a trade initiative aimed at improving LDC trade performance. At the March meeting of the STDF Working Group project preparation grants were approved for the development of SPS capacity building countries in seven Least-Developed Countries (Benin, Cambodia, Cameroon, Guinea-Conakry, Mozambique, Yemen and Djibouti. Five of the LDCs concerned (Cambodia, Guinea-Conakry, Mozambique, Yemen and Djibouti) are countries which are covered by the Integrated Framework and for which Diagnostic Trade Integration Studies (DTIS) have been produced. (A copy of the DTIS for Cambodia has been provided to the consultant).

The task of the consultant is to build on the DTIS and/or other relevant country reviews of Cambodia by:

- Researching TA through contacts with key stakeholders; and
- Submitting a full-costed technical assistance project proposal.

Description of tasks

- **Definition of SPS needs**

The consultant will review country specific Cambodia literature (DTIS, World Bank data, FAO information, project specific documents from previous in-country TA etc) and dialogue with STDF partners (World Bank, FAO, OIE, UNDP, WHO) on country or product specific topics. Through contacts with the Geneva based mission and local offices in Cambodia of, the local IF co-ordinator, the World Bank, UNDP, FAO offices, and donor technical assistance projects (in particular DFID, UNIDO, FAO, EU, USAid etc) the consultant will coordinate with donors and key stakeholders in the definition of SPS needs.

- **Design of project application**

From contact with stakeholders, priority areas for technical assistance should become apparent. In conjunction with the stakeholders, the consultant should prepare a technical assistance project which corresponds to a priority need identified by stakeholders. The project shall command broad-based national support in both the public and private sector - as well among donors active in the country. Guidance on eligibility rules is to be found in the STDF business plan (included as annex 3) and may be further elaborated through contacts through the STDF Secretary.

**Outputs**
The consultant shall submit a final report containing:

- *Details on fieldwork and consultations undertaken with stakeholders;*
- *Detailed elaboration of the technical assistance needs identified through stakeholder contacts;* and
- *A project proposal for submission to the STDF.*

**Timing**

The final report should be submitted by 22 July 2005. The consultant shall spend at least 15 days in Cambodia to carry out country research. In-country research may be staggered over two missions to Cambodia.
<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>CONTACT</th>
</tr>
</thead>
<tbody>
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<tr>
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Possible export targets for SPS capacity-building

- Livestock

Cambodia produces cattle and buffalo for both local and live export markets, and is an important regional exporter. However only culled animals are sold, as the primary purpose of production is for draft power. Cambodia could (but does not now) enjoy the benefits of a significant comparative advantage due to the easy availability of grazing lands and its placement between the increasingly meat-hungry markets of Thailand and Vietnam.

Cambodia has 3.5 million head of cattle and buffalo, according to 2002 MAFF statistics. Off-take rate may be estimated at about 15 percent, or about 540,000 head, equivalent to a gross value of USD150 million at an average of USD280 per head. Estimates of the volume and value of live exports are within a range of 80-150,000 head per year at a value of USD20-40 million per year. Such exports are almost entirely informal, without legitimate revenue capture by the state, as Thailand and Vietnam formally ban imports of live animals from Cambodia due to foot-and-mouth disease (FMD) concerns. A very large proportion of cattle and buffalo in Cambodia are in poor condition when slaughtered or sold. This constitutes a loss of approximately USD20-40 per head, representing a revenue loss of an additional USD20-40 million per year, on a total off-take basis.

Meat sales in rural and urban Cambodia are usually in unprocessed form, such as a carcass hanging on a meat hook in the local wet market or cut pieces delivered through the neighbourhood in an open basket on the back of a bicycle, all without benefit of the most basic hygiene. Chemical dips (e.g. borax) and pesticide sprays are often used to improve appearance. Cambodian abattoirs are primitive at best. Food safety concerns for the domestic market are therefore significant. Sales of high-value livestock products to a relatively small urban, expatriate and tourist market, are dominated by imports of processed meats from Thailand, Vietnam, and Australia.

Local experts suggest that the possibilities for export of value-added beef and beef products from Cambodia over the 10-year medium term, will be driven by the growing demand from Ho Chi Minh City to the southeast, and Bangkok to the northwest, especially as transport infrastructure improves (bridges and roads). While eradication of FMD would be extremely difficult, existing veterinary medicine technologies make the management of this disease for trade purposes a relatively straightforward matter, involving inspection, vaccination, and a three to four week period in quarantine prior to export. Livestock control and quarantine facilities at border control points would be an opportunity to fatten animals prior to shipment, providing a market for cut-and-carry forage production for communities adjacent to the border, thus adding significant value to basic production.

Moreover on a regional basis a livestock trade strategy is emerging which would be based on disease management zones spanning international boundaries. SPS issues in this potential trade will have to respond to the requirements of each zone, as these evolve in the dialogue between participating countries. Therefore, to capture these livestock trade opportunities, Cambodia will require a competent regulatory authority, standards such as those of the Codex, a functional surveillance mechanism, and trained personnel with the institutional resources to carry out their roles and responsibilities.

Veterinary medicine and animal management capability in Cambodia has grown significantly over the past decade, through donor support to the MAFF Office of Animal
Health and Production (OAH&P), and development of a system of Village Livestock Agents (VLA). The EU has recently begun a Cambodian livestock project, which may include a national survey of animal health status, support to the VLA system, and market development.

Cambodia has a significant local ethnic (Cham) market for goat meat, lamb and mutton, and an urban luxury market already exists for imported lamb. Goat production, using partly cut-and-carry forage methods, is now found in numerous locations throughout the country. There are potential opportunities for export of goats and goat meat, especially to countries with large Muslim populations. Unconfirmed reports suggest there is already a trade in goats from Cambodia into Malaysia.

- **Freshwater fish**

Cambodia has one of the most productive freshwater fisheries in the world, within the basin of the Tonle Sap (the Great Lake). This fishery is the basis of the animal protein component of domestic food security, with the low-value portion of the very large seasonal harvests converted to dried, smoked, and especially fermented (prahoc) products, for use throughout the year. Fishing effort in the Tonle Sap has grown significantly in the past decade due to population pressure and large-scale industrial operations. Catch per unit effort has gone down significantly due to over-fishing and habitat destruction. Fish products for the domestic market suffer the same food-safety hazards as described above for livestock products, both in terms of basic hygiene in handling, and deliberate contamination with inappropriate additives.

High-value fresh fish and some fish products are exported “semi-formally” to Thailand and Vietnam, through a supply chain whose values are heavily (up to 40%) diverted through rent capture by corrupt officials. Frozen freshwater fish fillets are exported to America and Australia from a factory in Phnom Penh owned by the Leng Heng Company. This factory has HACCP certification from the USA. Testing requirements for these operations are met by laboratories at the Pasteur Institute in Phnom Penh, and by those of the Ministry of Health. There have been enquiries from European firms wishing to import Cambodian fish products, and some initial interest shown by the EU is supporting such a development. Follow-up has been lacking.

The Ministry of Agriculture, Forestry, and Fisheries (MAFF) has recently given approval for the establishment of a Post-harvest Fisheries Division (PHFD) in the Department of Fisheries (DOF), including a program of post-harvest research with support from DfID. The approach of the PHFD is very much pro-poor, consistent with the RGC’s “Quadrangle Strategy” for economic development. Export issues are of secondary but still significant importance. The PHFD has recently completed a draft Fisheries Post-harvest Overview document, based on extensive stakeholder consultation. The document is expected to be released in July 2005.

DoF generated a National Fisheries Development Action Plan in November 2004, covering all aspects of the fishery. On the post-harvest fisheries (PHF) side, the plan’s objectives include

- formulation of a PHF policy framework
- developing a PHF office within DoF
- stakeholder processes to develop to identify strategies for supporting the PHF sector and piloting key interventions
- building capacity in national and provincial institutions to understand and respond to the needs of the PHF sector
developing and operationalising a domestic and export quality assurance system and associated facilities.

The PHFD sees itself as potentially the Competent Authority for SPS issues in the PHF sector. However decisions at the national level are still pending, concerning the establishment of a Food Safety Agency based on what is now Camcontrol in the Ministry of Commerce. Recommendations from a recent EU MULTRAP consultancy report include the possibility of establishing Competent Authorities at the MAFF departmental level where appropriate. The PHFD would be an obvious example. However there is a very significant lack of donor consensus on how to develop the fisheries sector in general. The Fisheries Development Action Plan provides a nationally sanctioned framework for support to development of the PHF sector, including the SPS aspects. Some donor needs to step into the lead role in support the implementation of the plan.

Vegetables, salad greens, and aromatic herbs

Agricultural processing and marketing in Cambodia is largely informal, except for the larger rice millers and the rubber and other plantation enterprises. Agricultural products flow from small producers to consumers quickly and through short channels, given that storage and processing infrastructure is minimal. Producers either bring commodities directly to local markets themselves, or sell to collectors (middlemen) who deliver to retailers in larger market centres especially Phnom Penh. Some wholesale enterprises exist, especially for commodities that may be transported to other provinces or exported to Thailand and Vietnam, but even these are informal enterprises, often without fixed operating locations or storage space.

This largely informal and micro or small scale agro-processing and trading system is peopled by economically rational participants who respond effectively to perceived constraints and opportunities. The conclusion of the IF work on this subject was that Cambodia already has some of the key elements on which a modern production, processing, and marketing system could be built. Initiatives are needed both to remove the constraints, and to enlarge the perception of the opportunities.

Cambodia produces a wide variety of fresh produce, most of which is consumed at household level or sold in local markets. There are also many micro-level processors of certain vegetables, producing pickled mustard greens, cucumber, Chinese radish, bamboo shoots and taro. Demand from small processors tends to drive the production of these commodities in their local areas. Food safety conditions are problematic at best, in the same manner as for livestock and fisheries products described above.

There is some informal border trade of fresh produce into Vietnam and Thailand, but the balance is heavily weighted in favour of imports from the much more efficient producers and processors in neighbouring countries. The IF DTIS and subsequent studies indicated hundreds of tons of fresh produce per day entering Phnom Penh alone, from Vietnam via Memot in Kampong Cham, along the new highway 7. Similar quantities come in via highway 1 from Saigon, and from Thailand via Poipet and Koh Kong. None of this material is subjected to technical surveillance, only the usual extraction of rents by corrupt officials.

The MAFF Department of Agronomy and Land Improvement (DAALI) has established a Plant Protection and Phytosanitary Inspection Office (PPPIO), which is the National Plant Protection Office recognized under the International Plant Protection Convention. PPPIO lists its roles and responsibilities as “pest surveillance, pest control, pest risk assessment and pest risk analysis, research, extension, plant diagnostic laboratory, plant quarantine or phytosanitary, pesticide analysis laboratory, pesticide monitoring and evaluation, linkages and coordination”.
The PPPIO is only newly established, and the implementation of its roles and responsibilities remains to be seen. It would appear to be the appropriate candidate for the role of competent authority in phytosanitary matters.

Among Cambodia’s fruit and vegetable products are a number which have been identified in previous studies as candidates for export. Earlier work under the IF program undertook some exploration of possibilities for export to Singapore of mangos, salad herbs, mushrooms, and cashew nuts. The response of Singaporean wholesalers to these products was encouraging, with the proviso that packaging and compliance with Singaporean SPS standards needed considerable work.

Cambodian cuisine includes a wide variety of aromatic herbs, including for example mint, sweet and “hot” basil (*ocimum sanctum*), saw-tooth coriander, and a range of lesser-known but highly flavourful items. Chillies, ginger, garlic, and turmeric could also be included in this category. Demand for some of these is high in regional markets and probably significant in western markets (a matter for specific investigation).

Some donor and NGO funded projects have been working on the production and domestic supply chains for these products. In Takeo and Kandal provinces close to Phnom Penh, the AusAID funded AQIP project has developed a network of vegetable traders who have been receiving business development training, and who have elected “Group Marketing Agents” (GMA) to coordinate between producer groups and buyers. A few of these GMAs are now advanced to the point where they are considering entry into the formal sector. To succeed
at this, they will need considerable support in the form of business development services, access to technology, and access to capital.

While there is a growing interest in organic products which should not be ignored, the primary focus of this development should be on compliance with basic GAP and SPS standards, including pesticide residues and other contaminants, labelling, and traceability. With respect to pesticide residues, the “rapid bioassay for pesticide residue” (RBPR) technology which has been deployed in Taiwan’s vegetable industry, should be examined for use in Cambodia. RBPR provides a cheap (US$3.5/sample) and simple method for screening products for pesticide residue standard compliance at producer organization or wholesale level.
[This document is intended to serve as the starting point for the recruitment process for the proposed Standards and Trade Advisor.]

ROLE AND RESPONSIBILITIES OF S&T ADVISOR

Summary:

1. The purpose of placing a Standards and Trade Advisor in Cambodia is to meet the most significant government, private and NGO sector needs for access to expert advice and relevant information on sanitary and phytosanitary issues as they relate to biosecurity, food safety, economic growth and the development of trade in Cambodia. The role of the Advisor will be to facilitate and support the activities of interested parties, in the context of the broader objective of poverty reduction.

Background:

2. Sanitary and phytosanitary (SPS) measures are the principal means of ensuring biosecurity and food safety. Protection of animal and plant health against exotic pests and diseases, and the maintenance of control over endemic pests and diseases, underpin agricultural productivity and the access of products to export markets. Similarly, food safety is fundamental to the nation’s health and the exportability of food products, while also supporting the international tourism industry in Cambodia.

3. Cambodia’s public sector SPS institutions are developing but are hampered by limited infrastructure and a shortage of in-house expertise in SPS matters. Accession to the WTO in 2004 has given Cambodia additional obligations in relation to the application of sanitary and phytosanitary measures, but it has also brought opportunities to press trading partners to exercise the appropriate discipline over their technical barriers to trade. There is growing interest in the private sector in accessing higher-value export markets for Cambodian agricultural and fishery commodities through formal trade, but SPS requirements may be substantial impediments. There is the imminent prospect of major reform in the public sector’s approach to its role in ensuring food safety, subject to adequate planning and vigorous implementation.

4. Very substantial resources are available to Cambodia to enhance its SPS capacity, including donor funding and technical assistance, standards and advice from the international standard-setting bodies and their parent organisations, and technical cooperation with counterparts in other countries through regional bodies and bilateral relationships. Improved networking and information acquisition is feasible and would be very productive. It is also likely that there could be a significant increase in resources flowing into SPS capacity building if there were better coordination of international aid effort in the SPS field and better targeted efforts to define high priority projects.

Objectives:

5. The specific objectives to be served by placement of an S&T advisor in Cambodia, with the support of STDF funding, are:
STDF 61 add.1

- provision of a generally-available resource for information and expert advice on SPS issues;
- facilitation of SPS capacity-building activities by the Royal Government of Cambodia and the private sector;
- enhancement of information flows and liaison networks within Cambodia and with relevant parties in other countries on SPS issues;
- assistance to the private sector to anticipate and overcome SPS barriers to export trade development.

Activities:

6. With these objectives in mind, the S&T Advisor will:
   - inform interested parties of the establishment of the information/advisory facility by STDF;
   - establish effective working relationships with all relevant organisations and individuals, and become familiar with current SPS-related activities and plans;
   - regularly convene a contact group of local representatives of the STDF partner institutions and private sector, RGC and NGO representatives;
   - participate in established coordination processes and mechanisms as appropriate;
   - encourage and facilitate a coordinated approach to SPS capacity-building in Cambodia based on systematic and comprehensive needs assessment;
   - consult stakeholders to identify key SPS capacity-building needs in Cambodia, assist in the formulation of project proposals, and provide advice as appropriate to potential donors;
   - establish appropriate mechanisms for the regular dissemination of relevant information on national and international SPS-related activities;
   - respond to requests for information and advice on SPS-related issues and, where necessary, obtain a response on the more complex matters from relevant national and international bodies;
   - utilise a modest tranche of funds to support small, high-return activities consistent with these activities and the broader objectives;
   - publish an annual report and circulate it to stakeholders;
   - report regularly to the STDF Working Group through the Project Manager and provide advice that may be relevant to the Working Group’s consideration of the disposition of STDF resources in Cambodia or elsewhere;
   - provide a detailed report and recommendations at the conclusion of the two-year term.

7. The Advisor will take advantage of facilities such as the International Portal for Food Safety, Animal and Plant Health.

Outputs:

8. The major outputs of the project will be:
   - a significant contribution to SPS capacity-building in Cambodia via direct inputs and facilitation of more, better-targeted projects in the field;
   - facilitation of development of practical approaches to addressing technical barriers to export of agricultural/fishery/food products;
   - a proven model applicable in other developing countries.

Selection criteria:
Formal qualifications

9. The Advisor will have tertiary qualifications, preferably at post-graduate level, in a relevant discipline including veterinary, plant or food science, economics, international relations or law.

10. Qualifications in more than one discipline would be an advantage.

Experience

11. The successful candidate must have more than ten years’ relevant experience in the field of sanitary and phytosanitary measures, together with detailed knowledge of the relevant provisions of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. S/he must also have substantial relevant experience in developing countries, preferably in SE Asia.

12. Experience in management of international trade issues, and in technical assistance activities, would be an advantage.

Skills and abilities

13. Essential requirements in the successful candidate are:
   a) working knowledge of donor and government processes;
   b) technical skills in facilitating consultative processes and developing sound outputs;
   c) skills in gap analysis, implementing change management processes and development of capacity building strategies;
   d) excellent intercultural communication skills, sensitivity in dealing with cultural issues, and ability to build sound relationships;
   e) ability to provide technical assistance in a way that ensures ownership and acceptance;
   f) demonstrated skills in facilitation and diplomacy
   g) demonstrated ability to draft documents in clear English.
   h) demonstrated ability to effectively self-manage the allocation of priorities, deadlines and budgets with minimal supervision.
   i) coaching/mentoring skills;
   j) computing and information management skills;
   k) ability to work effectively alone or as a member of a very small team.
# PROJECT PLAN - OUTLINE

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- **Selection of S&T Advisor Cambodia**
- **Establishment of Advisor and office in P.P.**
- **Pre-mission briefing in Geneva/Rome**
- **Appointment of locally engaged staff**
- **Initial liaison with stakeholders**
- **Provision of SPS/trade advisory service**
- **Disbursement of grant funds**
- **Preparation of summary report**
- **Mission debriefing in Geneva/Rome**
- **Project close-down**