

AID-FOR-TRADE CASE STORY

REPUBLIC OF KOREA

The Project for Capacity Building in the Trade in Goods and Services for Cambodia

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EXECUTIVE SUMMARY

The Project for Capacity Building in the Trade in Goods and Services for Cambodia was supported by the Korea International Cooperation Agency from 2004 to 2005 at a total cost of USD 870,000. There were two major objectives for the project: to enhance the implementation of Cambodia's WTO commitments and to expedite its economic integration into the free trade and investment areas of ASEAN.

The scope of the project included consultations on Cambodia's policies and measures for implementing the WTO and ASEAN commitments. This encompassed, among others, in depth research and policy recommendations by Korean experts, the dispatching of Korean experts, the invitation of Cambodian field researchers, and policy conferences. The project also involved the training and capacity building of trade-related Cambodian personnel as well as the provision of equipment to the liaison office in Cambodia.

ISSUES ADDRESSED

The Cambodian Government has seen the importance of economic integration in the regional and global economy, and regarded this effort as a key national strategy for reconstruction and development. (The Cambodian Government has carried out its Trade Integration Strategy since 2002. Since its accession to the WTO in 2004, it has made efforts to develop trade capacity by adopting Trade Sector Wide Approach, and to achieve trade/investment facilitation and development of economic zones and small-and-medium sized companies for the advancement of the private sector.)

This project is helping a lot in improving Cambodia's performance in terms of trade in goods and services as well as investment through its efforts to draw attention to the formulation of a trade policy towards true facilitation.

OBJECTIVES PURSUED

The overall objective of the project was to ensure and contribute to the national policy and strategy by ensuring the fundamental conditions for economic growth, improving effective policy implementation and policy synergies in Cambodia, helping the country mobilize resources to achieve the MDGs and strengthen its trade capacity.

In detail,

- a) Enhancing the implementation of Cambodia's WTO commitments and facilitating the country's economic integration into the ASEAN free trade/investment area, with special attention given to preserving and sustaining human resources development
- b) Human resources development for the government officials, researchers and/or other experts who work in the area of trade in goods and/or services

DESIGN AND IMPLEMENTATION

The project was conducted with two separate activities.

1) Joint research

One activity was the development study that was jointly carried out by a group of experts from the Korea Institute for International Economic Policy and a group of experts from the Royal Government of Cambodia, with the Cambodian Ministry of Commerce playing a focal point in the study.

The main objective of this study was to strengthen the institutional capacity building of Cambodia in trade in goods and services for WTO implementations and negotiations, and to support the acceleration of integration process into the global and regional economy, as well as narrowing the development gap.

Below are the seven main topics that were studied and reported under this project:

- FTA strategy of Cambodia under ASEAN integration and East Asian Regionalism
- WTO implementation and introduction of Trade Remedy Measures
- Strategic Plans for the Development of Cambodia's Textile and Clothing industry in the Free Trade Environment
- Capacity Building in the Area of TBT and SPS
- Study of Integrating the Cambodian Intellectual Property Rights System into the WTO IRIPS Regime
- Foreign Direct Investment in Cambodia
- Linkage of WTO and ASEAN Commitments and Trade Capacity Building: Challenges and Policy Recommendations

The policy recommendations in this study were found to be even more valuable to the current performance and its tremendous effort to improve and enhance its trade facilitation and investment climate.

2) Invitational training

The other activity was capacity building through training to strengthen and enhance the understanding of the Cambodian officials who work in line with trade and investment in Cambodia and are involved with regional cooperation and negotiation. Through the implementation of this capacity building program, the Cambodian Government officials were able to learn and interact among themselves for international trade and investment.

In the course of implementing this project, four types of training programs comprising of 34 government officials were undertaken in 2005. The courses were as follows :

- Capacity Building in Trade in Goods and Services for Cambodia (1st Round) held on 6-19 March 2005
- Human Capacity Building in Trade in Goods and Services for Cambodia (2nd Round) held on 13-26 June 2005

- Human Capacity Building in Trade in Goods and Services for Cambodia (3rd Round) held on 7-20 August 2005
- Human Capacity Building in Trade in Goods and Services for Cambodia (for the researchers from Cambodia) held on 22-26 October 2005

3) Provision of equipment

The project also involved the provision of equipment to the liaison office in Cambodia.

PROBLEMS ENCOUNTERED

- 1) Budget allocation
Some officials in the Cambodian Ministry of Commerce viewed that the budget allocation of the project was insufficient.
- 2) Lack of concrete guidance
Concerning the joint research, detailed guidance was not enough for the Cambodian experts to conduct the study promptly and efficiently.
- 3) Language and communication
During the invitational training, some classes experienced difficulties in communication due to the language difference.
- 4) Availability of equipment
The equipments provided by Korea were mostly high-tech products, and thus it was difficult to obtain the components or to repair them in Cambodia. There was also a need to secure the manpower that can use the equipments and to transfer the necessary skills to fully utilize them.

FACTORS FOR SUCCESS / FAILURE

1) Relevance

The project was essentially aimed at enhancing the implementation of Cambodia's WTO commitments and expediting its economic integration into the ASEAN free trade and investment area. This is well aligned with Goal 1 of the MDGs.

The project was also substantially relevant to the policy of national development of the partner country. Cambodia was able to learn invaluable information and procedures required for the understanding of the WTO's implementation and application of trade remedy measures.

The project was also consistent with the priorities of the Korean ODA policy. It was in line with the governance sector, which is one of the major sectors of priority of Korea's ODA.

2) Efficiency

The methods of implementation were effective, particularly the joint research displayed by the Korean experts.

The efficiency of the management system was also contributive. Efficient and interactive communication among project partners was considered one of the major factors that contributed to the successful completion of the project.

RESULTS ACHIEVED

The project was expected to reach its overarching goal of enhancing the general economic development of

Cambodia.

In terms of project output, joint research, invitational training and the provision of necessary equipment were found to have contributed to the national capacity building of Cambodia. A review of the project showed a high completeness of the project's purpose. The results of the interviews with relevant personnel from the Cambodian Ministry of Commerce, the Ministry of Foreign Affairs and international Cooperation, and the regional office of KOICA proved that the target goal of capacity building in trade in goods and services was achieved.

Contributory elements, including joint research and invitational training, were also seen to have contributed significantly to the completion of the project goals. The knowledge obtained through joint research and invitational training was highly conducive to the institutional strengthening of the trade system in Cambodia.

In regard to the impact on the target group, the project contributed significantly to the enhancement of expertise among the related government officers. This, in turn, resulted in the elevated capacity building of the government agencies concerned. For example, the introduction of the trade SWAp(Sector Wide Approach) was highly evaluated as one of the elements that contributed to the success of the project in capacity building and institutional strengthening.

LESSONS LEARNED

In future joint research, it is necessary for all participants to have a clear understanding of the project goals and guidelines. This will ensure smooth communication among and between the researchers of the donor country and the partner country.

As for the training programs, it is advisable for the content of the programs to adjust to the development stage of the partner country. In the designation of field trips, it is also advisable that visits be made to small- and medium-sized enterprises rather than big companies.

Equipment, including computer sets and projectors, are desperately needed by experts of the partner countries. However, it is important to provide them with equipments and parts that are available for purchase within their own country.

Projects involving manpower capacity building usually consist of joint research, invitational training and the provision of equipment. However, the inclusion of additional measures that would dispatch volunteers in projects of this nature will heighten its overall effectiveness.

CONCLUSION (applicability to other programmes)

Compared with other advanced countries, Korea's knowledge and experience of its past economic development proved to be an enormous comparative advantage. Therefore it is recommended that a similar model program be developed for its application in countries like Cambodia and others in Southeast and Central Asia.

REFERENCES

KOICA (2008) Ex-post Evaluation Report on the Project for Capacity Building in the Trade in Goods and Services for Cambodia」

- * The main focus of this ex-post evaluation was to assess the completeness of the project and to examine the current effects of the project as well as its long term sustainability. Five criteria of the OECD Development Assistance Committee were applied throughout the evaluation process: relevance, effectiveness, efficiency, impact, and sustainability.

Primary field data for the evaluation was collected through surveys conducted mainly in the Ministry of Commerce of Cambodia. The survey data was supplemented by qualitative and quantitative materials obtained from various interviews and questionnaires completed by Cambodian officials of the Ministry of Commerce, trainees, officials of the Ministry of Foreign Affairs and International Cooperation, as well as staff members of the regional KOICA Office. Secondary data was collected through the review of numerous documents and reference materials relevant to the project. This ex-post evaluation is referred to as 'participatory evaluation' positively supported by Cambodian ODA consultants. The experts of the partner country also participated in the evaluation workshop that was held in Cambodia.

KOICA (2006) End-of-Project Report on the Project for Capacity Building in the Trade in Goods and Services for Cambodia(2004-2005).