



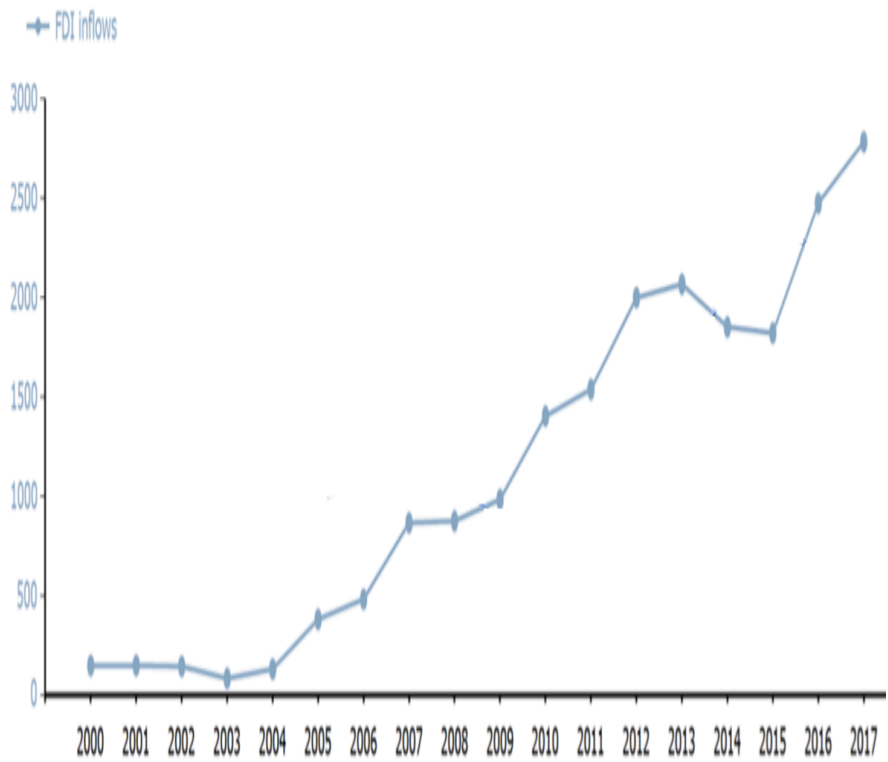
COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Investment Facilitation for Sustainable Development — Cambodia



Why Cambodia?

Three reasons



Nature of the Project

Objectives, Methodology, Outputs

Multi-stakeholder approach

- 48 separate interviews in Cambodia between May and July 2019
- Key stakeholders across policymakers, firms, business associations, researchers, and civil society



Aims to identify

- (1) The main **development benefits** that investment can bring to Cambodia
- (2) Investment challenges and **facilitation measures** to address those challenges
- (3) Of these, which measures are more likely to lead to sustainable **development impact**?

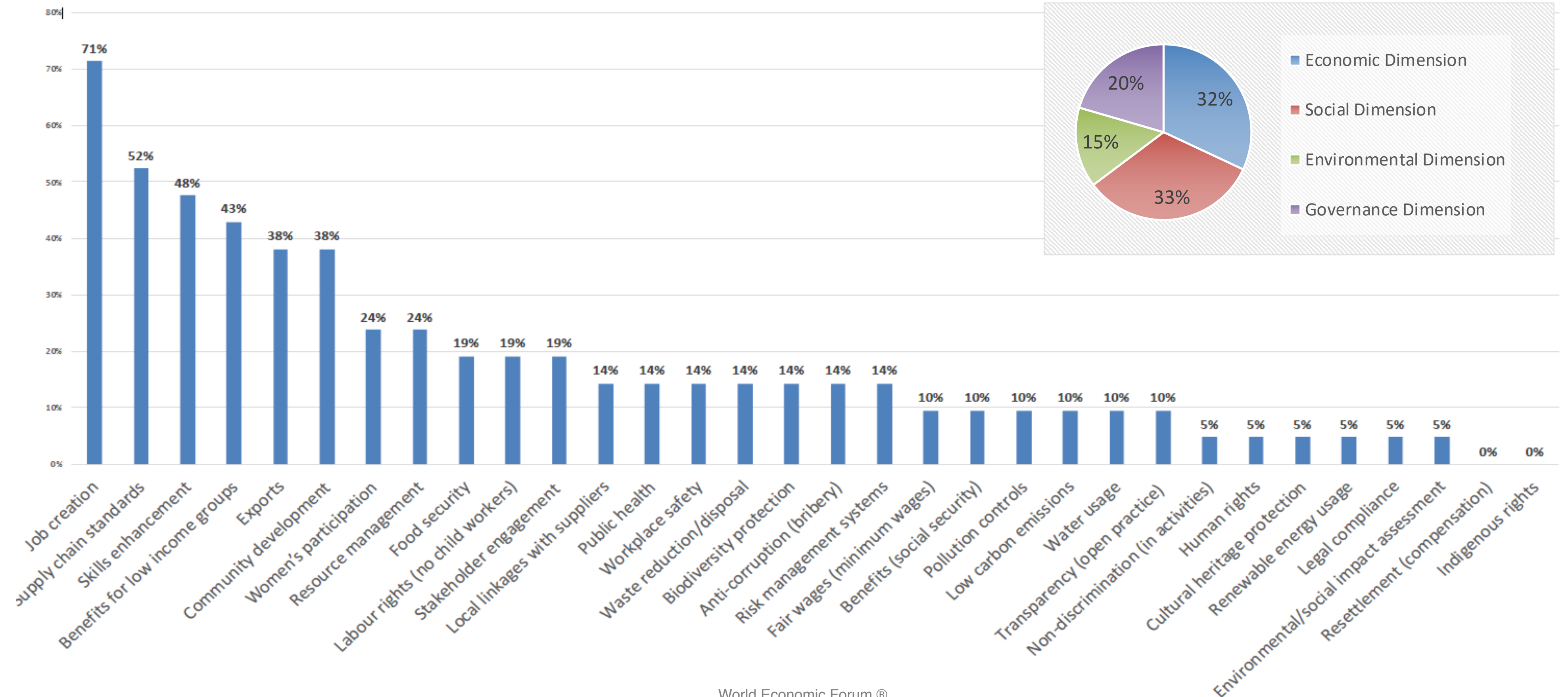


Practical action-oriented draft measures

- 20 **economy-level** facilitation measures
- 18 **agro-industry** facilitation measures
- For each draft measure a **rationale** is provided for why this might be useful
- Aim is to **prioritize a subset** for further development and potential implementation

Development benefits from investment

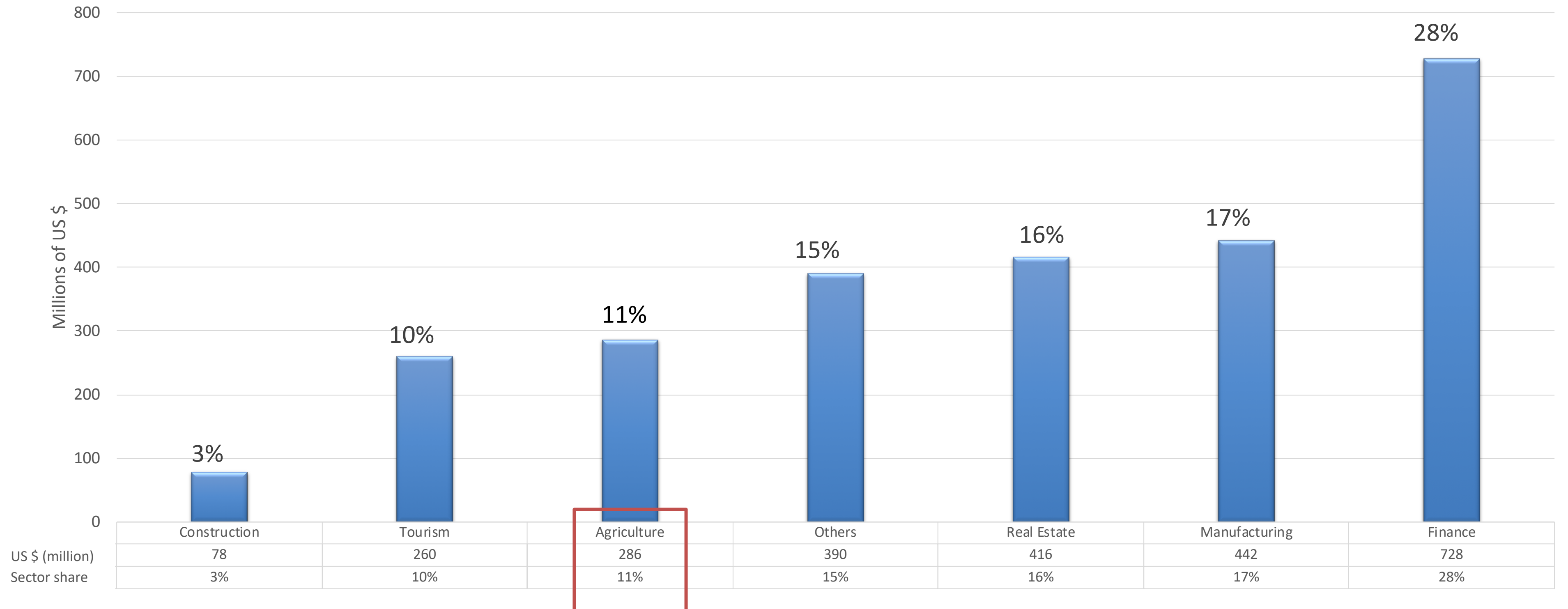
48 interviews



Development benefits from investment

Focus on agri-food sector

Cambodia's FDI inflows by sector (2016)



20 Draft investment facilitation Economy-level measures



Overview

Draft for discussion

INCENTIVES AND INSURANCE

1. AUTHORIZED SUSTAINABLE INVESTOR
2. TARGETED TAX INCENTIVES
3. INVESTMENT INSURANCE

TRANSPARENCY AND PREDICTABILITY

4. GUIDELINES ON AUDITING
5. GUIDELINES ON PENALTIES
6. NOTICE AND COMMENT
7. MONITORING FOR REGULATORY IMPLEMENTATION

COORDINATION AND COOPERATION

8. EXCHANGES WITH KEY ECONOMIES
9. OMBUDSMAN
10. TRACKING MECHANISM

ICT SOLUTIONS AND SINGLE WINDOW

11. COMPANY NAME SELECTION
12. ONE-STOP SHOP FOR BUSINESS REGISTRATION
13. PAPERLESS PROCESS, COPIES, & E-SIGNATURE

APPLICATION PROCESS

14. ONLINE STEP-BY-STEP PROCESS
15. 'SILENT YES' AFTER PROCESSING TIME
16. APPLICATION SEQUENCING

STANDARDS AND CERTIFICATIONS

17. STANDARDS
18. CERTIFICATIONS

LINKAGES AND LISTS

19. MECHANISM TO LINK FOREIGN FIRMS AND DOMESTIC SUPPLIERS
20. LISTS MANAGED BY INDUSTRY ASSOCIATIONS

Economy-level measures

Draft for discussion

1. AUTHORIZED SUSTAINABLE INVESTOR (BEHAVIORAL INCENTIVES +)

Provide incentives conditional on firms carrying out certain 'behaviors' or actions to support sustainable development (e.g. jobs, training, reaching standards & certifications, etc.)

2. TARGETED TAX INCENTIVES

Provide relatively higher tax incentives for FDI in priority sectors linked to the IDP

3. INVESTMENT INSURANCE

Support the provision of political-risk insurance, especially through the Multilateral Investment Guarantee Agency (MIGA), of which Cambodia is already a member.

4. GUIDELINES ON AUDITING

Issue guidelines on the frequency of tax audits and help more firms reach gold certification to enjoy audit exemptions if an audit is successfully passed

5. GUIDELINES ON PENALTIES

Issue guidelines on the level of penalties for tax filing errors

Economy-level measures

Draft for discussion

6. NOTICE AND COMMENT

Issue guidelines on the process of notice and comment for new legislation and regulations to avoid legislative and regulatory surprises

7. MONITORING FOR REGULATORY IMPLEMENTATION

Use a framework for monitoring implementation of laws and regulations

“There is consensus that laws and regulations are well designed, but that implementation is the challenge, and so a mechanism to monitor implementation could help facilitate investment”

8. EXCHANGES WITH KEY ECONOMIES

Promote training-oriented exchanges of firms and policymakers between Cambodia and key investment partners to facilitate investment from these economies

9. OMBUDSMAN

Establish an ombudsman in the CDC to address investment-related issues

10. TRACKING MECHANISM

Use a tool to track investor challenges, so that these can be detected and addressed early

Economy-level measures

Draft for discussion

11. COMPANY NAME SELECTION

Ensure a portal online can be used by individuals to check if a company name is available for registration.

12. ONE-STOP SHOP FOR BUSINESS REGISTRATION

Cambodia is already actively working on an online platform for business registration, which is likely to make a big impact on investment facilitation once operational. The experience of Cambodia's special economic zones shows how a one-stop shop mechanism is a service greatly appreciated by investors.

13. PAPERLESS PROCESS, COPIES & E-SIGNATURE

Establish a paperless process whereby forms and other administrative requirements can be completed without physical paper.

This would go hand in hand with accepting copies of documents, rather than requiring that originals be presented, and acceptance of e-signatures.

Economy-level measures

Draft for discussion

14. ONLINE STEP-BY-STEP PROCESS

Allow the prospective investor to see where the application process stands with an online step-by-step process.

“This would create transparency and greater comfort that the process is moving forward, or alternatively awareness with where there might be a sticking point”

15. ‘SILENT YES’ FOR ADMINISTRATIVE APPROVALS

Implement in practice a ‘silent yes’ measure such that after maximum processing time has been reached, then the administrative action is automatically approved

16. APPLICATION SEQUENCING

Address sequencing issues in the application process, or ‘chicken and egg’ issues

Ex1: To rent property a firm needs to have registered its company name, but to register a company name, the firm needs to have a rental contract.

Ex2: To register a company one needs provide a bank account, but to open a bank account, one needs to provide the company name

Economy-level measures

Draft for discussion

17. CERTIFICATIONS 18. STANDARDS

Support use of certification schemes, support producers to meet international standards, and encourage mutual recognition of certificates

“If standards are reached at certain levels (e.g. ASEAN, EU, ISO, HACCP) this is likely to have a significant impact on investment, especially from developed economies and firms that seek to use Cambodia as a base for the region”

19. MECHANISM TO LINK FOREIGN FIRMS AND DOMESTIC SUPPLIERS

Create a mechanism to help link foreign firms to qualified domestic suppliers, for instance those that have reached quality standards, which should both increase investment and development impact

20. LISTS MANAGED BY INDUSTRY ASSOCIATIONS

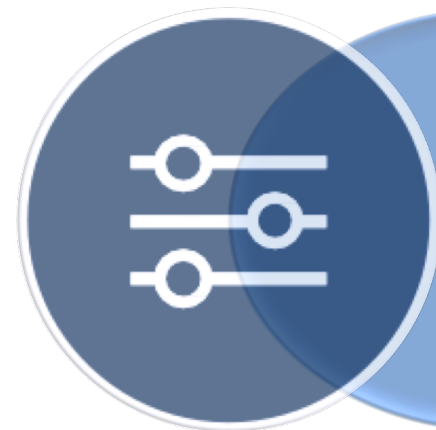
Create lists of firms in different industries to facilitate linkages between foreign firms and domestic suppliers.

Goals of the Workshop



FEEDBACK

from firms, policymakers, civil society,
international organizations



PRIORITIZE

those measures that are most
feasible and impactful



FINE-TUNE

prioritized measures refined for
potential implementation

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Panel 1

Economy-level measures



Mr. Meng Nimol

*Deputy Director General,
Cambodia Chamber of
Commerce (CCC)*



Ms. Sandra D'Amico

*Vice President, Cambodia
Federation of Employers and
Business Associations*



Mr. Soreasmey Ke Bin

*Managing Director,
Confluences Incubateur*



H.E. Youn Heng

*Director, Projects Evaluation
and Incentives Department
(CDC)*



Mr. Kemvichet Long

*Deputy Director General for
International Trade (MoC)*



Mr. Pierre Tami

*Social Entrepreneur and Vice
President, International Business
Chamber*