

Overcoming Constraints for Effective Policy Implementation



Eng Netra, Caroline Hughes and Pak Kimchoeun

FEBRUARY 2025

Cambodia's New Growth Strategy
An Assessment of Medium and Long-term Growth for
Resilient, Inclusive, and Sustainable Development

Background Paper 6

Overcoming Constraints for Effective Policy
Implementation

Eng Netra, Caroline Hughes and Pak Kimchoeun



CDRI – Cambodia Development Resource Institute
Phnom Penh, February 2025

© 2025 Cambodia Development Resource Institute (CDRI)

Author(s) and affiliation(s):

Eng Netra

Executive Director, CDRI

Caroline Hughes

Director of Doctoral Studies and the Rev. Theodore M. Hesburgh, C.S.C. Chair in Peace Studies at the Kroc Institute for International Peace Studies, University of Notre Dame

Pak Kimchoeun

Policy Hub Senior Advisor, CAPRED

Citation:

Eng Netra, Caroline Hughes and Pak Kimchoeun. 2025. *Overcoming Constraints for Effective Policy Implementation*. Cambodia's New Growth Strategy—An Assessment of Medium and Long-term Growth for Resilient, Inclusive, and Sustainable Development. Background Paper No. 06. Phnom Penh: CDRI.

CDRI

📍 56 Street 315, Tuol Kork

✉ PO Box 622, Phnom Penh, Cambodia

☎ +855 23 881 701/881 916/883 603

@ cdri@cdri.org.kh

🌐 www.cdri.org.kh

Layout and cover designed: Oum Chantha and Tim Borith

Edited by: Jessica Alice Kalisiak

Contents

vi	List of acronyms
vii	Acknowledgements
1	Key messages
2	1. Introduction
3	2. Key implementation constraints
	2.1. Challenges related to the capacity and quality of institutions
	2.2. The effectiveness of inter-ministerial and institutional coordination
	2.3. Outreach, dissemination and change management
9	3. Recommendations
10	References

List of acronyms

CAPRED	Cambodia-Australia Partnership for Resilient Economic Development
DFAT	Department of Foreign Affairs and Trade
MEF	Ministry of Economy and Finance
NSDP	National Strategic Development Plan
RGC	Royal Government of Cambodia

Acknowledgements

This research paper is the sixth in a series of background papers supporting the main overview report. Collectively, these works contribute to CDRI's research study, *Cambodia's New Growth Strategy—An Assessment of Medium and Long-term Growth for Resilient, Inclusive, and Sustainable Development*, which is funded by the Department of Foreign Affairs and Trade (DFAT) through its flagship programme, the Cambodia-Australia Partnership for Resilient Economic Development (CAPRED).

The authors wish to express sincere appreciation to DFAT and CAPRED for their support. Further gratitude is extended to all individuals and stakeholders who contributed to this work, whether through direct collaboration or indirect assistance, whose contributions were essential to its completion.

ឯកសារសារតារាងទី៦
ការជម្រះឧបសគ្គនានាលើ
ការអនុវត្តគោលនយោបាយឱ្យមានប្រសិទ្ធភាព
អេង-នេត្រា ខៀវឡាញ-ហ្សូដ និងប៉ាក់-គីមជឿន

សារគន្លឹះសំខាន់ៗ

- ក្នុងរយៈពេលបីទសវត្សរ៍កន្លងមកនេះ កំណែទម្រង់គោលនយោបាយជាក់ស្តែង គឺជាផ្នែកមួយនៃស្ថិរភាពនយោបាយ និងជោគជ័យផ្នែកសេដ្ឋកិច្ចរបស់កម្ពុជា។
- ភាគីមានឧទាហរណ៍ខ្លះៗដែរ ដែលការផ្លាស់ប្តូរគោលនយោបាយ ត្រូវបានលើកមកបង្ហាញ និងដាក់ឱ្យអនុវត្តប្រកបដោយប្រសិទ្ធភាព និងបង្ហាញពីសមត្ថភាពខ្ពស់ក្នុងការកៀរគរ ការរៀបចំ ការគ្រប់គ្រង និងការអនុវត្ត។
- ការសម្រេចបាននូវគោលនយោបាយ និងយុទ្ធសាស្ត្រថ្មីៗ មានសារៈសំខាន់ ប៉ុន្តែការយកឈ្នះលើឧបសគ្គដើម្បីការអនុវត្តប្រកបដោយប្រសិទ្ធភាព គឺកាន់តែចាំបាច់នៅក្នុងបរិបទបច្ចុប្បន្នដោយសារមានតម្រូវការជាបន្ទាន់នៃរបកគំហើញថ្មីៗ ដើម្បីកសាងមូលដ្ឋានគ្រឹះសម្រាប់ការអភិវឌ្ឍរយៈពេលវែង។
- ការណ៍នេះអាចត្រូវបានជម្រុញលើកកម្ពស់តាមវិធីសាស្ត្រចំនួនបី៖
 - ទីមួយគឺតម្រូវការក្នុងការកែលម្អកិច្ចសហប្រតិបត្តិការអន្តរក្រសួង។ កិច្ចខិតខំប្រឹងប្រែងត្រូវផ្តោតលើការផ្លាស់ប្តូរដំណើរការគ្រប់គ្រង និងការកំណត់អាទិភាពនៃការបញ្ចូលទិន្នន័យក្នុងការតាក់តែង ការអនុវត្ត និងការត្រួតពិនិត្យគោលនយោបាយ។
 - ទីពីរគឺតម្រូវការក្នុងការប្រមូលការគាំទ្រ ការប្តេជ្ញា និងការអនុលោមនៃភាគីពាក់ព័ន្ធដែលទាក់ទងនឹងការផ្លាស់ប្តូរគោលនយោបាយ។
 - ទីបីគឺតម្រូវការលើកកម្ពស់គុណធិបតេយ្យ និងសមិទ្ធផលការងារក្នុងសេវាសាធារណៈ។

Overcoming Constraints for Effective Policy Implementation

Key messages

- Over the past three decades, practical policy reform has been part of Cambodia's political stability and economic success.
- There are also examples where policy changes were introduced and effectively implemented, and demonstrate strong capabilities for mobilisation, organisation, management, and implementation.
- Actualising new policies and strategies are important but overcoming the constraints for effective implementation is even more pronounced in the current context as breakthroughs are urgently needed to lay the foundation for long-term development.
- This can be promoted in three ways.
 - First is the need to improve inter-ministerial cooperation and collaboration. Efforts should be focussed on changing management processes, and prioritisation of embedding data in policy making, implementation and monitoring.
 - Second is the need to mobilise support, enthusiasm and compliance of stakeholders relevant to the policy change.
 - Third is the need to promote meritocracy and performance within the public service.

1. Introduction

The government already has in place a framework of strategies, laws and action plans that could be successful in facilitating a new growth strategy. The challenges identified in previous background papers are already comprehensively addressed within the government's existing policy framework. The Pentagonal Strategy Phase One, announced in August 2023, is organised in such a way as to integrate and sequence needed reforms in order to realise "a new growth model that is built on skills, technology and innovation" (RGC 2023, 17). Annex 1 maps the progress of the Pentagonal Strategy's implementation with the list of existing laws, strategies, policies as well as action plans that are already in place.

Strategies that are more concerned with the quality than the quantity of economic growth require a higher level of attention on the government's part. The task of government, as set out in the Overview Report, can be subdivided into three categories. The first category of government action is a proactive investment in particular sub-sectors. This pro-active investment is essential to ensure that new capital formation - including infrastructure, human capital and investment in the establishment of new productive industries- is oriented towards boosting factor productivity in a manner that promotes higher quality and more diversified forms of growth.

The second category of government action defined in this study is the implementation of policies that ensure that such growth is

green, resilient and inclusive, protecting existing environmental resources, such as soil fertility and biodiversity, and societal resources, such as families and communities. Forms of economic activity that strip these resources are unsustainable in the long run. Thus, the task of government is to introduce policies such as environmental protection laws, social security schemes, family-friendly workplace regulations and affordable urban housing policies to support and renew ecological and societal systems.

The third task of the government is to regulate its own activities so as to promote stable, predictable and fair systems of governance, from fiscal policy to service delivery, policing and the judicial system. This requires the regulation of government institutions to ensure they are properly staffed with skilled officials and operate with integrity. It also requires that different institutions are capable of coordinated effort to ensure that different plans and strategies work coherently together rather than at cross-purposes.

Earlier papers of this study have discussed needs with respect to investing in higher quality growth, and promoting the green, resilient and inclusive aspects of growth. This background paper examines the question of governance and the challenges of implementation.

2. Key implementation constraints

The Pentagonal Strategy Phase One document notes that the Royal Government of Cambodia (RGC) is aware of a number of challenges with respect to policy implementation. The document specifically refers to “gaps in the implementation activities of ministries/institutions, which have not been properly aligned with the policy objectives of the RGC.” Other areas of focus mentioned in the document include “Challenges related to the capacity and quality of institutions”; “the effectiveness of inter-ministerial/institutional coordination in introducing and implementing actual policy measures and action plans under their respective jurisdiction”; and challenges in “outreach and dissemination... affecting the effectiveness of participation and support for the implementation of these strategies”.

In the remainder of this background paper, we discuss each of these three problems and offer recommendations.

2.1. Challenges related to the capacity and quality of institutions

When Cambodia first entered the era of high growth back in the early 2000s, severe shortages of qualified technical, professional and administrative personnel still existed as a legacy of the preceding decades of war. The political settlement at the end of the war was to merge pre-existing administrations, combined with a tendency towards labour intensive employment and a desire to provide jobs to promote political stability to create a large, low-tech and highly centralised public administration. Today, a new generation of well-trained

professionals exist, and substantial recent increases in civil service pay and training make government service more attractive as a career option. However, the entrenchment of hierarchies within the civil service, and a culture that prioritises loyalty over innovation, means that the best trained and most competent personnel often lack decision-making power within institutions and find it difficult to implement solutions that challenge rigid systems. At the same time, the concentration of budgets, power and other resources in Phnom Penh deters ambitious public servants from pursuing careers in provincial or district level of government. This is leading to a lack of qualified professionals at sub-national levels, where public servants are often disincentivised from working. These problems are compounded by limited oversight and transparency.

Addressing these challenges will require not only improving the clarity of roles and responsibilities but also adopting performance-informed budgeting and better aligning human resource deployment to support cross-sectoral reforms. The lack of staff training and clarity on roles, particularly in provincial administrations, results in inefficiencies in public service delivery, especially in sectors like agriculture and infrastructure.

To modernise public administration, a national committee was established in late 2023 to guide ministries and institutions in conducting functional reviews aimed at enhancing operational efficiency without

increasing government costs. These reviews encompass national, decentralised, and sub-national agencies, targeting the streamlining, adjustment, merging, or abolition of specific organisational units within each agency to align their services with their mandates and structures better. Key areas of focus for the reviews include:

- Resolving overlaps in mandates and improving the prioritisation of activities, resource allocation, and human resource management.
- Addressing challenges in cross-ministerial cooperation.
- Responding to complaints from service recipients, including citizens and businesses.
- Exploring the potential of new technologies to enhance public administration efficiency.¹

2.2. The effectiveness of inter-ministerial and institutional coordination

The effectiveness of inter-agency coordination is a further area identified in the Pentagonal Strategy as requiring improvement. There are three key aspects to this: the importance of data; the importance of prioritisation; and the importance of clear distribution of roles and responsibilities.

Data

The collection of adequate data that is robust, reliable, accessible and timely is the foundation of effective coordination because it facilitates inter-institutional

discussions and agreements. Adequate data is essential for framing the problem, articulating solutions, tracking implementation, and evaluating the extent to which goals have been achieved. Sharing data across institutions thus facilitates the emergence of a common understanding of problems and progress. Where implementation programmes are public facing, the participation of the public in generating data can assist in promoting accountability and in legitimising policy interventions.

Although Cambodia has made strides in developing data systems, several challenges still persist. The country's data governance framework is fragmented, leading to issues with data quality, sharing, and accessibility. To address these challenges, the government must strengthen the capacity of institutions such as the National Institute of Statistics (NIS). Providing the NIS with greater autonomy and resources would enable it to become the central authority for data collection, analysis, and dissemination. Furthermore, the development of a legal framework that promotes standardised data practices, data sharing, and the use of advanced technologies like artificial intelligence would help to ensure that data is not only high-quality but also widely usable across institutions. Collaboration with non-state actors would further enrich the data ecosystem by providing diverse perspectives on key policy challenges. Finally, linking data systems with monitoring and evaluation frameworks, particularly the National Strategic Development Plan (NSDP), would enhance the ability to track performance, promote accountability, and support evidence-based policymaking.

1 RGC, "Instruction No. 01 on the Review of Functions and Structure of Line Ministries and Institutions."

An example of a programme that has been highly successful in Cambodia because of a well-executed data collection programme is the ID-Poor programme (De Riel 2017; Kaba 2018). This programme has been widely praised internationally for its transparency and robustness, and for the level of public support it has achieved. The programme aimed to create a comprehensive register of poor families in Cambodia to serve as the basis for social security and anti-poverty service delivery by the government. As initially set up, the programme combined two modes of data collection: technical and participatory. In the technical phase, trained evaluators at a local level used interviews with household heads to establish the status of the household with respect to a set of metrics related to income, assets, debt, education, and health. This was followed up with a participatory phase in which communities discussed the results of the technical assessment and gave input as to the accuracy. The combination of the two phases established the register, which has subsequently been elaborated and regularly updated. The data it provides is widely accepted by the public, and by local and central government as the foundation of social policy for poverty reduction (ibid). It was vital to the effective roll-out of the government's COVID-19 response.

Similar bottom-up approaches to data collection could be used to inform strategies for tracking the impacts of climate change; supporting and formalising small and medium-sized enterprises (SMEs); better understanding the detrimental effects of migration on families; and promoting better housing.

Prioritisation

The process of prioritisation entails a series of steps. The final goal is established, and a theory of change by which the goal can be achieved is articulated. This theory of change provides the basis for analysing in specific detail the process by which change will be achieved over time. This then lays the basis for breaking down the overall implementation process into a coherent series of steps, each of which provides a platform for the next, and each of which has a substantive and clearly articulated outcome.

Prioritisation improves coordination by providing clearer information on what is required to achieve a goal, over what timeframe, and who needs to be involved in making it happen. An example of where this has been achieved in detail, laying the basis for success in a complex long-term reform process is the RGC's public financial management (PFM) reform programme. This programme set out a series of reform "platforms" at the outset, which needed to be achieved for the next stage of reform. The clarity with which the process was laid out allowed for clear articulation of interim goals, and this in turn allowed detailed and robust monitoring of progress. Although not all the PFM goals have been achieved, there is transparency and consensus within government, and between government and development partners, as to areas of progress, and areas where more needs to be done. This in turn promotes trust, shared understanding and common effort (World Bank 2023).

Effective prioritisation is essential to achieving Cambodia's reform goals. The government should shift from an output-based to an outcome-based approach, ensuring that each prioritised reform directly contributes to measurable national development outcomes. A key tool for this is Performance-Informed Budgeting (PIB), which links budget allocation to the achievement of prioritised outcomes, incentivising line ministries to focus their resources on high-impact initiatives. Prioritisation also requires a clear assignment of roles and responsibilities across institutions to ensure that different agencies are aligned and working toward the same goals. This is particularly important in the context of Cambodia's ongoing reforms, such as decentralisation and human resource management, which must be coordinated with national development priorities.

Clear distribution of responsibilities

Whereas PFM reform has largely operated under the auspices of the Ministry of Economy and Finance (MEF), other types of reform programmes require complex interactions over time between different government agencies. Again, clearly set out and detailed priorities can assist in creating agreements between government agencies over distributions of responsibilities, resource requirements and jurisdictional issues. These kinds of agreements can lay the basis for productive cooperation. A recent successful example of this in Cambodia is the government's COVID-19 response (Hyder and Ly 2020; Mugali et al. 2024; Tao et al. 2022) .

Cambodia's COVID-19 response combined four goals: reducing and delaying transmission; minimising serious disease and reducing deaths; ensuring ongoing essential health services; and minimising social and economic impact. The first three of these goals fell largely under the remit of the Ministry of Health, particularly in terms of testing, vaccinating and treating COVID-19 cases. However, the COVID-19 response also required the involvement of other agencies, for example: the Ministry of Education in closing schools; the Ministry of Religion and Cults in overseeing restrictions on religious festivals; the Ministry of Transport in imposing border restrictions; the Ministry of Information in promoting public health messages; and local authorities in distributing assistance on the basis of the ID-Poor register. All activities were coordinated by the COVID-19 National Steering Committee, chaired by the prime minister and including representatives of all key ministries. Each province also established a Provincial Steering Committee to oversee local level implementation. This allowed a high degree of coordination, facilitating effective prioritisation of actions and resources in line with technical advice received from other countries who had already weathered the virus. It also allowed consistent messaging to the public, contributing to a high degree of compliance with government advice.

The COVID-19 response is a special case, since the scale of the emergency and the threat that it posed were extreme. It is not possible to convene a national committee chaired by the prime minister for every policy innovation. However, the lessons of the COVID-19 response can provide guidance.

First, the COVID-19 response shows that where there is strong leadership with a high level of political will, ministries can work together effectively. There is a need to develop a culture within the government whereby the formal appointment of leaders with specified powers, who head inter-agency implementation programmes, is taken more seriously in counterpart ministries. Second, the COVID-19 response built on earlier effective programmes, including the HIV response of the 1990s and the SARS and bird flu responses of the early 2000s. These programmes had developed pools of expertise within the Ministry of Health, and particularly the Department for the Control of Communicable Diseases and had also built strong relationships with international partners that could provide technical assistance. This shows the importance of retaining competent and experienced staff within the public service, and empowering them to take the lead in advising on issues arising within their area of expertise. In the socio-economic sphere, the COVID-19 response built on the ID-Poor register to rapidly transfer resources to families most likely to be in need, again emphasising the importance of accessible, reliable and up-to-date information. The successful integration of data, depth of technical expertise, international advice, and domestic political mobilisation should be studied to draw lessons for other kinds of policy implementation.

2.3. Outreach, dissemination and change management

Implementing reform programmes requires interacting with constituencies of people who will be affected by the change. For reforms, the key constituencies will be the

government officials themselves whose day-to-day ways of working will be affected by said reforms. For reforms to support public services, it is the wider community of citizens who will notice that things are now working differently.

Whether the constituency of stakeholders is internal to the government or comprises the wider community, their cooperation will almost invariably be required for reforms to be successful. Public officials and citizens alike need to be convinced that it is worth their time to learn the new system, and to engage with it, rather than attempting to avoid or subvert it. Where the constituencies concerned are public officials, apprehensions may relate to whether it will affect their status in the public service hierarchy - including the extent to which their jobs could be made redundant altogether; whether they will have the expertise and competence to manage the new system; and possibly whether it will close off or expose any informal and/or illegal money earning opportunities they may be engaged in. These are reasonable concerns for public officials to have, and for public servants to engage enthusiastically in learning and using new systems and technologies requires these concerns be lessened by information, training and outreach programmes.

A successful example of this within the Cambodian government was the deployment of the Financial Management Information System (FMIS) within the MEF. This entailed the simplification of money transactions within the ministry and between the ministry and provincial treasuries. Records of transactions were changed from paper receipts to electronic

records. This greatly improved the speed, transparency and accuracy of finances, while also enhancing accountability since users needed to be logged in to move money and hence the individuals authorising individual transactions could be easily traced.

The introduction of FMIS initially caused some concerns within MEF departments. There were concerns that jobs would be cut as a result of the reduced need for clerks and that this would affect the budgets and status of different departments. There were also apprehensions about the capacities of provincial treasury staff to use the new system. This led to some resistance to the implementation of the project. Change management programmes and their corresponding teams greatly assist companies in implementing new processes, systems, and strategies. When the resistance to FMIS became evident, a change management team was convened to try to mobilise greater enthusiasm for the project. This was to some extent successful, and once the FMIS system went live, provincial staff in particular came to see considerable advantages in the online system compared to the manual system. Introducing a more systematic change management programme at an earlier stage could have advanced the project more quickly (Hughes et al. 2017).

Where reforms affect citizens, even more concerted efforts are required to explain and promote policies, mobilise participation

and support, and receive feedback on progress. The COVID-19 vaccination programme in Cambodia offers an example of success in this respect. Cambodia was able to swiftly vaccinate 95 percent of its population through a combination of: clear prioritisation of different population groups dependent upon vulnerability levels as vaccines became available; effective tracking of vaccines delivered through digital databases; and clear and consistent messaging on the dangers of COVID-19 and the benefits of vaccination. Through these means, the government was able to identify, communicate with and deliver services to the population quickly and effectively.

The management of SMEs in Cambodia offers a contrasting example. The majority of enterprises in Cambodia (87 percent) are informal as of 2023, despite government efforts to convince business owners of the benefits of registration. In contrast with COVID-19, where the case for vaccination seemed to have been largely accepted unquestioningly by the population, business owners continue to be sceptical about the benefits of formalisation. The financial and time costs of registration are cited as barriers to formalisation, as is the unpredictability of the tax system. These issues need to be addressed, and public perceptions of them need to be tackled in order to make strides in business formalisation in Cambodia.

3. Recommendations

Following the above analysis, the paper makes the following recommendations:

1. The government needs to follow through on its commitment to promote a culture of meritocracy within the public service, promoting the most effective officials.
2. The government needs to find ways to improve inter-ministerial cooperation and collaboration significantly, and three areas are paramount to this effort:
 - a. Emphasising the role of robust, timely and accessible data and evidence in policy making, implementation and monitoring. The availability of adequate data as a basis for discussions can promote a shared understanding of problems and a greater commitment to solutions across agency boundaries. The utility of the ID-Poor register as a vehicle for promoting multi-sectoral approaches to poverty reduction and disaster response is an example.
 - b. Conducting analytical work to produce a theory of change for every policy intervention that can inform prioritisation. Detailed analyses of the change processes, and the prerequisites for each stage, can help in developing a timeline for reform with intermediate goals clearly stated. This in turn promotes accountability and helps to achieve a sense of momentum towards the ultimate goal. The platform approach of MEF's Public Financial Management Reform Program is a successful example of this.
 - c. Analysis of change management processes can also assist in clearly establishing areas of jurisdiction and responsibility between institutional partners at different stages in the process, as well as highlighting where leadership is most likely to be effective. An example where strong leadership and close collaboration was successful was the RGC's COVID-19 response. The challenge is to build collaboration into the functioning of government in a more routine manner, and at lower levels in the political hierarchy.
3. A key aspect of successful policy information is mobilising the support, enthusiasm and compliance of stakeholders. This requires an assessment of who is likely to be affected by the policy, and what level of input is required from them. The COVID-19 vaccination programme was highly effective at identifying vulnerable sections of the population and rolling out vaccines to them as they became available. The programme was also very effective in presenting a unified public message about the benefits of becoming vaccinated. Evaluating the likely attitudes of stakeholders inside and outside the public service and establishing a change management plan at an early stage is essential to successful implementation.

References

- De Riel, Emily. 2017. *Leave No One Behind Insights from Cambodia's National Poverty Identification System*. GIZ. Berlin: Federal Ministry for Economic Cooperation and Development (BMZ). https://health.bmz.de/wp-content/uploads/studies/ID_POOR_Final_lowres.pdf.
- Hughes, Caroline, Sokbunthoeun So, Erwin Ariadharma, and Leah April. 2017. "Change Management That Works: Making Impacts in Challenging Environments." Policy Research Working Paper. Washington, D.C.: World Bank Group. <https://doi.org/10.1596/1813-9450-8265>.
- Hyder, Ziauddin, and Nareth Ly. 2020. "What Explains Cambodia's Effective Emergency Health Response to COVID-19 (Coronavirus)?" World Bank Blogs. 2020. <https://blogs.worldbank.org/en/health/what-explains-cambodias-effective-emergency-health-response-covid-19-coronavirus>.
- Kaba, Mary White. 2018. "IDPoor: A Poverty Identification Programme That Enables Collaboration across Sectors for Maternal and Child Health in Cambodia." *BMJ:British Medical Journal* 363. <https://www.jstor.org/stable/26964678>.
- R. Mugali, Raveesha, Hedy Ip, Amos Zikusooka, Lenin Vong, Savy Bou, Sarath Kros, and Or Vandine. 2024. "Striving for Equitable Vaccination Coverage: Leveraging Rapid Coverage and Community Assessments during the COVID-19 Pandemic to Reach Missed Populations in Cambodia." *Vaccine*, June. <https://doi.org/10.1016/j.vaccine.2024.05.064>.
- RGC. 2024. "Instruction No. 01 on the Review of Functions and Structure of Line Ministries and Institutions."
- RGC. 2023. "Pentagon Strategy Phase I." Royal Government of Cambodia.
- Tao, Ngoc Phuong Hong, Dang Nguyen, Le Huu Nhat Minh, Veasna Duong, Chey Beaupha, Tareq Al Ahdal, and Nguyen Tien Huy. 2022. "Cambodia Achieved a High Vaccination Coverage for Its Population: A Good Example of a Lower Middle-Income Country." *Journal of Global Health* 12 (December):03088. <https://doi.org/10.7189/jogh.12.03088>.
- World Bank. 2023. "Cambodia: Toward Performance Accountability in Public Finance Management." Washington, D.C.: World Bank Group. https://documents1.worldbank.org/curated/en/099080002162352463/pdf/P16840708514610020a6030fe4e4ee00cd4.pdf?_gl=1*1x0uidf*_gcl_au*MTQ4MTI2MTU4Ni4xNzIzNjkzODUz.
- Annex 1: Emphasis should be placed on implementation of existing laws and strategies (see table below).

Annex 1: Emphasis should be placed on implementation of existing laws and strategies to promote a new phase of quality growth

Policy area in the PS Phase 1	Challenges	Solutions	Existing policies
<p>1. Private sector development including MSME and informal economy</p> <p>(PS-3: Development of the private sector and labour market</p> <p>PS-5: Digitalisation of the economy and society)</p>	Narrow manufacturing base	Promote digitisation, branding and entrepreneurship amongst SMEs; reduce energy costs; attract higher tech FDI industries	PS-Priority 2; Industrial Development Policy 2015-25; Cambodian Digital Government Policy 2022-35; Sub-decree No.84 on Business Registration through Information Technology System; Automotive and Electronics Sectors Development Roadmap 2022; 2021 Law on Investment and establishment of One-Stop Service Mechanism.
	Narrow range of export markets	Diversification of trade links through “+1” strategies, multilateralising tariff preferences; greening economy	Pentagonal Strategy Priority 2; Entry into Regional Comprehensive Economic Partnership and FTA strategy; Cambodia Export Diversification and Expansion Programme (CEDEP); National Skills Development Roadmap; Cambodian Digital Economy and Social Policy Framework 2021-35; Cambodian Textile and Garment Industry Development Map 2023-27; Cambodian Digital Government Policy 2022-35; National Agricultural Development Strategy 2022-30; Agricultural Sector Master Plan 2030
	Lack of GVC integration	Reduce trade, transport, and logistics costs; Promote trade facilitation; Integrate National Single Window into Regional (ASEAN) Single Window; Invest in human capital and skills development; (Increase emphasis on regional trade partnerships; and increase its use of e-commerce, among other measures, to strengthen its trade resilience.	<p>Pentagonal Strategy I -P2 / Side 1: Development of Key Sectors and New Sources of Economic Growth; PS1-OE5: Integration into the regional and global economy; The launch of Cambodia National Single Window and the Automated Customs Data System (ACYUDA); Strategy for Customs Reform and Modernization 2019-23; E-commerce Law; Cambodia Trade Integration Strategy 2019-23; Industrial Development Policy 2015-25; Automotive and Electronics Sectors Development Roadmap 2022; Industrial Transformation Map for Textile and Apparel Industry 2023-27; Cambodia GFT Sector Development Strategy 2022-27; National Cassava Policy 2020-25; National Cashew Policy 2022-27;</p> <p>Past trade facilitation reforms such as the removal of Cambodia Import-Export Inspection and Fraud Repression Directorate General (CAMCONTROL) from border crossings and elimination of Kampuchea Shipping Agency & Broker (KAMSAB); elimination of Certificates of Origin (CO) for countries where they are not required and reduction of costs in logistics, lift-on/lift-off services and service charges at ports</p>

Policy area in the PS Phase 1	Challenges	Solutions	Existing policies
	FDI industry poorly connected to SME ecosystem/ SMEs not growing	Promote formalisation, digitisation, branding and entrepreneurship amongst SMEs: building and strengthening domestic firms – particularly SMEs – and relevant local actors' capabilities, which involves improving access to finance, enhancing skills and human capital, and speeding up the shift of SMEs from the informal to the formal sector, develop a local research, science and technology base.	PS-Priority 1 / Side 2. Technical Skills Training; PS-Priority 2 / Side 3: Improvements of Business and Investment Environment; PS-Priority 3 / Side 2. Promotion of Micro, Small, and Medium Enterprises, Startups, Entrepreneurship, and Development of Informal Economy Law on Investment 2021; Sub-Decree No. 139 ANKr. BK on the Implementation of Law on Investment; One-Roof Service Policy National Strategy for Informal Economic Development 2023-28; Creation of SME Bank; Enterprise Development Fund; Skills Development Fund program; creation of Techo Startup Center; The launch of TVET 1.5 Million Training program; National Policy on Science, Technology and Innovation 2020-30; Cambodia's Science, Technology & Innovation Roadmap 2030; The National Research Agenda 2025; Digital Economy and Social Policy Framework MISTI Science and Innovation Roadmap; Enterprise Digitalization and Technology Adoption Program; National ICT Masterplan 2020; Cambodia Trade Integration Strategy 2019-23; E-Commerce Strategy; Cambodian Digital Government Policy 2022-35; Sub-decree No.84 on Business Registration through Information Technology System; Sub-decree no. 50 on Customs Incentives for Small and Medium Enterprises; Sub-decree no 17 on Tax Incentives for SME who Voluntarily Register for Tax; UNDP E-Commerce Acceleration Program.
2. Infrastructure (PS-2: Diversification and competitiveness of the economy In the section: Enhancement of Connectivity and Efficiency in Transport and Logistics, Energy, Water Supply and Digital Sectors)	Infrastructure constraints esp. electricity Lack of zoning master plan for infrastructure	Investment in core infrastructure; promote multi-modal connectivity; accelerate green transition. Develop a zoning master plan, rather than tying infrastructure to investors' needs.	Pentagonal Strategy Priority 2; Power Development Masterplan 2022-40; Energy Tech Roadmap; Comprehensive Masterplan on Cambodia's Transit and Logistic System 2023-33 PS-Priority 4 / Side 4: Strengthening of Urban Management and Modernisation; National Policy on Land Management of The Kingdom of Cambodia (2011); Master Plan to Transform Preah Sihanouk Province into a multi-purpose model Special Economic Zone (SEZ) 2022-38

Policy area in the PS Phase 1	Challenges	Solutions	Existing policies
3. Green development (PS-4: Development with resilience, sustainability and inclusiveness)	Cross-border logistics poorly developed	Develop better relations with regional partners and upgrade bureaucracy and infrastructure	PS Priority 2; Cambodian Digital Government Policy 2022-35; Comprehensive Masterplan on Cambodia's Transit and Logistic System 2023-33
	Climate-related trade restrictions and locking in of carbon emissions	Promote transition to green economy	PS- Priority 4; Energy Tech Roadmap; National Strategic Plan on Green Growth; National Policy on Green Growth; National Roadmap on Green Growth; Phnom Penh Green Strategic Plan; National Energy Efficiency Policy 2022-30; Long-Term Strategy for Carbon Neutrality; Circular Economy Strategy and Action Plan 2022.
	Limited sustainable or green investment projects	Be selective on particular industries or groups of industries that provide the potential to environmentally upgrade or produce existing products more sustainably Target incentives based on industry competitiveness	PS-Strategic Objective 5: Sustainability; PS-Priority 2 / Side 5: Innovation of Financing Mechanisms and Financial Products to Support Investment; Law on Investment 2021; Sub-Decree No. 139 ANKr. BK on the Implementation of Law on Investment; National Strategic Plan on Green Growth 2013-30; Circular Strategy on Environment Sector 2023-2028
4. Human development competitiveness and resilience (PS-1: Human Capital Development)	Factor productivity is low	Increase educational outcomes, skills and innovation, starting with primary and secondary education; recognise the health-education nexus by addressing child malnutrition.	Pentagonal Strategy (PS) Priority 1; Education Strategic Plan 2024-28; Cambodia's Education Development Roadmap for Sustainable Development 2030; National Skills Development Roadmap; National Policy on Lifelong Learning; Cambodia Secondary Education Blueprint 2030; Policy on Higher Education 2030; Policy on Inclusive Education; New Generation Schools Policy; Cambodian Digital Economy and Social Policy Framework 2021-35; National Employment Policy 2015-25; National Social Protection Framework 2016-25; Policy on Continuous Professional Development for Education Staff; Teacher Policy Action Plan 2024-2030; Teacher Career Pathway Framework; Master Plan on Upgrading Education Personnel 2021-2025; National Technical Vocational Education and Training Policy 2017-2025; Modernising TVET Strategic Action Plan 2019 – 2023s; Cambodia Skills Development Road Map 2023-2035; National Policy on Science, Technology and Innovation 2020-2030

Policy area in the PS Phase 1	Challenges	Solutions	Existing policies
5. Social policy reform (PS-4: Development with resilience, sustainability and inclusiveness. PS-1: Human Capital Development)	Lack of linkage between skill development and industrial sector:	Promoting School-Industry Linkages through PPP between TVET schools and industrial sectors, establishing TVET parks in industrial zones, involve private sector in curricula development.	PS Priority 1 / Side 2. Technical Skills Training; P3 / Side 1. Development of Labor Market; National Technical Vocational Education and Training Policy 2017-25; Strategic Plan for Employment and Vocational Training Development 2019-23
	Addressing building social resilience	Concentrating on both quality and scope of health and social protection systems' development in order to respond to unexpected crises, increase the quantity and quality of healthcare services.	PS Strategic Objective 3: Poverty, PS-Priority 1 / Side 4. Strengthening of social protection system and food system; PS-Priority 4 / Side 1: Optimisation of Demographic Dividends, Strengthening of Demographic Resilience and Promotion of Gender Equality; Roadmap for Universal Healthcare Coverage in Cambodia 2024-35; National Social Protection Framework 2016-25; National Strategy on the Digitalisation in Social Protection Framework 2024-28; establishment of Social Security Regulator; establishment of National Social Security Fund.
6. Institutional reform: governance aligning fiscal management and the evolving role of public sector (PS-CORE-Governance)	Disparity in regional development	Implementing region-specific policies, creating long-term provincial development plans; prioritising agro-processing investment, improving access to urban and international markets	PS Priority 4 / Side 3: Promotion of Agriculture and Rural Development Rural Development Strategy, Action Plan 2019 – 23; National Policy for Agricultural Development 2022-30; Strategic Development Plan for Cambodian Agro-industries; Koh Kong Development Plan 2020-24.
	Building a more resilient financial system	Maintaining financial products diversification, developing financial system infrastructure, particularly financial technology; building a financial safety net. e.g., deposit insurance scheme	PS-Ensuring Macroeconomic and Financial Stability; PS-Priority 3 / Side 5. Strengthening of the Banking System and Non-Bank Financial Sector; PS-Priority 5 / Side 5. Development of Financial Technology; PS-Priority 4 / Side 5: Ensuring Environmental Sustainability and Readiness for Responding to Climate Change, as well as Promotion of Green Economy; National Financial Inclusion Strategy 2019-25; Financial Sector Development Strategy 2016–25; Policy Framework on the Development of Government Securities (2023-28)

Policy area in the PS Phase 1	Challenges	Solutions	Existing policies
	Strengthening the public financial system	<p>Modernising and reforming the tax system, the budget management system, and public debt management in order to be more progressive, effective and sustainable while also building state savings for intervention in times of crisis</p> <p>Strengthen linkages between fiscal management and overall policy outcomes by adopting performance-informed budgeting (PIB) across key government sectors. This will improve resource allocation and promote accountability, ensuring that budget decisions are tied to national development outcomes.</p>	PS-Core 2 Improve work efficiency; PS-OE3: Ensuring Macroeconomic and Financial Stability; Law on Taxation; Revenue Mobilisation Strategy 2019-23; Public Financial Management Reform Program; Public Investment Management System Reform Strategy 2019-25; Public Debt Management Strategy 2019-23
	Promote capacity for implementation	<p>Promote coordinating capacity of government to implement and evaluate policies and mobilise support and participation from citizens</p> <p>Enhance human resource management by shifting from a training-centric approach to a "learning by doing" model, ensuring alignment between staff skills and agency functions. Rationalise staff deployment, particularly in decentralized roles, to increase operational efficiency.</p> <p>Establish a Delivery Unit within the Office of the Council of Ministers to ensure effective enforcement of reforms and hold agencies accountable through M&E systems. This unit will track performance, rewarding success and penalising non-compliance to improve overall policy outcomes.</p>	Pentagonal Strategy Core; Cambodia Digital Economy and Society Policy Framework 2021-35; Cambodian Digital Government Policy 2022-35; National Strategic Plan of Anti-Corruption Phase III (2020-25); Public Financial Management Reform Program Phase IV 2023-27; Public Administration Reform Program 2023-28.

Cambodia Development Resource Institute

56 Street 315, Tuol Kork

PO Box 622, Phnom Penh, Cambodia

+855 23 881 701/881 916/883 603

cdri@cdri.org.kh

www.cdri.org.kh